

**STATE OF NEW YORK MORTGAGE AGENCY
SERVICER'S GUIDE
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STATE OF NEW YORK MORTGAGE AGENCY

SERVICER'S GUIDE

PART I - GENERAL POLICIES

SECTION 1.00 - DEFINITIONS

The following shall, for all purposes of this Guide, have the following meanings:

- (a) **Application** The Participation Application from Seller in which Seller seeks approval to participate in the Low Interest Rate Mortgage Program.
- (b) **Availability of Funds and Notice of Terms Bulletin** Periodic notice to participating Sellers announcing the availability of funds for Mortgage Loans, the applicable interest rate, the time frame of fund availability, and any other requirements specifically applicable to Mortgage Loans financed with such funds.
- (c) **Bonds** Obligations issued by SONYMA to finance Mortgage Loans.
- (d) **Closing Cost Assistance Loan** The mortgage loan or cooperative share loan that provides Closing Cost assistance to eligible Mortgagors and secures the Closing Costs assistance provided to Mortgagor by SONYMA pursuant to this Addendum, as evidenced by the SONYMA Closing Cost Assistance Rider to New York - Single Family Fannie Mae/Freddie Mac Mortgage (SONYMA Form C1) or, with respect only to cooperative share loans, the SONYMA Closing Cost Assistance Loan Rider to the Security Agreement. (SONYMA Form C8)
- (e) **Closing Cost(s)** Closing Costs shall include all allowable, reasonable, and customary expenses paid at closing, such as attorney, title insurance, and survey fees, recording taxes and fees, and prepaid escrows, as well as fees paid prior to closing (i.e., application, credit, flood certification, inspection and appraisal fees).
- (f) **Code** The Internal Revenue Code of 1986, as amended.
- (g) **Curtailment** Any amount paid by a Mortgagor (1) in excess of the monthly constant due during the month of collection and (2) in reduction of the unpaid principal balance of the Mortgage Loan. Curtailments will not be accepted on delinquent loans.
- (h) **Eligible Property** Property acquired with the proceeds of a Mortgage Loan.
- (i) **FHA** Federal Housing Administration.
- (j) **FHLMC** Federal Home Loan Mortgage Corporation.
- (k) **FNMA** Fannie Mae.
- (l) **Low Interest Rate Mortgage Program** The residential mortgage loan program financed by the Bonds, formerly known as the Forward Commitment Program, and also herein referred to as the "Program", and any other programs which may be offered from time to time and financed by the Bonds.
- (m) **Mortgage Loan** A loan evidenced by a promissory note, secured by a mortgage granting a first lien upon a fee simple or leasehold interest (with a remaining term equal to or greater than the original term of the Mortgage Loan) in the Eligible Property acquired with the proceeds of the Mortgage Loan or with respect to a cooperative unit, secured by a

lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises, subject in each case only to the liens of taxes or assessments which are not delinquent, building restrictions or other restrictive covenants or conditions, leases or tenancies whereby rents or profits are reserved to the owners, joint driveways, sewer rights, party walls, rights of way or other easements, or encroachments, provided that none of the foregoing, in the opinion of SONYMA, materially adversely affect the security for the Mortgage Loan.

- (n) ***Mortgage Purchase Agreement*** The agreement between SONYMA and each Seller of Mortgage Loans to SONYMA that sets forth the general terms of such sale to SONYMA, as modified or supplemented by the Availability of Funds and Notice of Terms Bulletins and the Seller's Guide.
- (o) ***Mortgagor*** The person or persons, each of whom shall be natural persons who execute the mortgage instrument securing a Mortgage Loan. The term "Mortgagor" shall also include persons, which persons shall be natural persons, who have assumed the obligations of a Mortgagor.
- (p) ***PMI*** (i) A primary mortgage insurer licensed to do business in the State and qualified to provide insurance on mortgage loans purchased by Freddie Mac or any successor federal agency or corporation; or (ii) the State of New York Mortgage Agency Mortgage Insurance Fund (MIF). The claims-paying ability of the PMI at the time of issuance of any primary mortgage insurance for a Mortgage Loan shall be rated Aa or the equivalent by Moody's Investors Service and/or Standard and Poor's Corporation.
- (q) ***Participation Acceptance Notice*** The Participation Acceptance Notice from SONYMA to Seller which entitles Seller to Participate in the Low Interest Rate Mortgage Program.
- (r) ***Pool Insurance*** A policy or policies of mortgage pool insurance provided by the Pool Insurer(s).
- (s) ***Pool Insurer*** A mortgage insurer or mortgage insurers providing a policy or policies of mortgage pool insurance to SONYMA on any pool of Mortgage Loans.
- (t) ***Prepayment*** All monthly constants collected during the current month and not due according to the mortgage payment schedules until a future month or months.
- (u) ***Reservation Date*** The date funds for a specific Mortgage Loan are reserved.
- (v) ***RHS*** Rural Housing Service, formerly the Farmer's Home Administration.
- (w) ***Seller*** Any institution or person meeting the requirements for participation in the Low Interest Rate Mortgage Program, which shall have executed a Mortgage Purchase Agreement.
- (x) ***Seller's Guide*** The guide, as it may be amended from time to time by SONYMA, containing, among other things, the procedures governing the delivery of Mortgage Loans purchased by SONYMA from Seller under the Mortgage Purchase Agreement. Also herein referred to as the "Guide".
- (y) ***Servicer*** An institution or a person who has qualified and has contracted under a Servicing Agreement, to service Mortgage Loans purchased by SONYMA under the Low Interest Rate Mortgage Program.
- (z) ***Servicer's Guide*** This guide, as it may be amended from time to time by SONYMA, containing the procedures governing the servicing of Mortgage Loans purchased by SONYMA under the Low Interest Rate Mortgage Program and all previous programs of SONYMA. The Servicer's Guide incorporates applicable accounting procedures.

(aa) <i>Servicing Agreement</i>	The agreement between SONYMA and a Servicer setting forth the general terms of servicing Mortgage Loans purchased by SONYMA under the Low Interest Rate Mortgage Program and all previous programs of SONYMA.
(bb) <i>SONYMA</i>	The State of New York Mortgage Agency. Also herein referred to as the “Agency”.
(cc) <i>SONYMA Loan Number</i>	The number which is assigned to each Mortgage Loan by SONYMA. This number must appear on all SONYMA documents and be included as part of all correspondence submitted to SONYMA relating to the Mortgage Loan.
(dd) <i>State</i>	State of New York.
(ee) <i>Trustee</i>	The trustee for the owners of the respective series of tax-exempt SONYMA bonds which financed the related Mortgage Loans.
(ff) <i>VA</i>	Veteran’s Administration or Department of Veteran’s Affairs.
(gg) <i>Value of the Property</i>	The lower of (i) the original appraised value of the property securing a Mortgage Loan at the time the Mortgage Loan was closed, such appraised value being the fair market value as determined by a qualified appraiser acceptable to SONYMA or (ii) the original purchase price paid for the property securing a Mortgage Loan.

SECTION 1.01 - AMENDMENTS

This Servicer’s Guide may be amended or supplemented from time to time by SONYMA. Servicer will be mailed amended pages to be effective upon receipt, but no later than five business days after the post-marked date of mailing.

SECTION 1.02 - PURPOSE

This Guide is designed to detail the requirements of SONYMA with regard to the servicing of Mortgage Loans pursuant to the Servicing Agreement entered into between SONYMA and Servicer. The Guide supplements the Servicing Agreement with which Servicer should be completely familiar. It also supersedes and replaces any and all previous servicing guides issued by SONYMA. In the event of any conflict between the provisions of the Servicing Agreement and this Guide, the Servicing Agreement shall control.

SECTION 1.03 - GENERAL PROCEDURE

Servicer shall be required to purchase from SONYMA any mortgage loans which the Servicer has failed to Service as required by the provisions of this guide and Servicing Agreement.

Servicer shall also be responsible for servicing all mortgage loans in accordance with the requirements of this guide and the Servicing Agreement.

In addition, the Servicer shall provide in a timely manner, any documentation and reports required to meet the requirements of SONYMA, FHA, RHS, VA, and any PMI or Pool Insurer of the Mortgage Loans. SONYMA requires that Servicer report monthly accounting reconciliations by electronic transfer. (See Section 3.01).

SECTION 1.04 - ELIGIBLE SERVICERS

In order to be an eligible Servicer, a Servicer must (a) be either a bank or trust company, savings bank, national banking institution, or savings and loan association located in the State, or a mortgage banker licensed by and located in the State, (b) have its deposits insured by the Federal Deposit Insurance Corporation, (c) have as one of its principal purposes the servicing of loans secured by real estate mortgages, (d) have a satisfactory servicing record as determined by SONYMA, (e) service a minimum of 20 Mortgage Loans within one (1) year of execution of the Servicing Agreement, (f) be able to report monthly accounting activity via electronic transfer. (g) be able to

report monthly delinquency status reports and foreclosure reports via electronic e-mail. Such mortgage servicing must customarily be part of the Servicer's regular, usual, and normal course of business. Servicer must be entitled to apply and receive the tax credit described in Section 1.09 against taxes to which it is subject. Each Servicer that is a mortgage banker must be an approved FNMA or FHLMC Seller-Servicer. Servicer must also have the ability to demonstrate, on an overall basis, delinquency ratios that are acceptable to SONYMA, and meet any other criteria as established in the Servicing Agreement applicable to any particular Mortgage Loan being serviced.

SECTION 1.05 - SERVICING FACILITIES

Servicer must maintain servicing facilities that are staffed with personnel trained to adequately service Mortgage Loans in accordance with the Servicing Agreement, this Guide and acceptable loan practices of prudent lending institutions. Servicer's personnel shall be familiar with all regulations and requirements affecting Mortgage Loans serviced for SONYMA, including but not limited to, those issued by the FHA, RHS, VA, and any PMI or Pool Insurer of the Mortgage Loans. In addition, Servicer must service mortgages within the State as part of its normal business.

SECTION 1.06 - MORTGAGE FILE

Servicer shall maintain an individual file for each Mortgage Loan which shall contain all documents required to be held by Servicer, as set forth in the Seller's Guide, as well as all legal notices, correspondence, forms, reports and results of conversations relating to the Mortgage Loan. **Each file shall be clearly marked to indicate SONYMA's interest in the Mortgage Loan and the SONYMA Loan Number assigned to it by SONYMA. Servicer shall be responsible for segregating such Mortgage Loan documents from other loans held by Servicer and for tagging or labeling files containing such documents with a prominent notation that they are held for account of the respective Trustee, as required by the Servicing Agreement.** Upon the request of SONYMA, the Servicer shall permit any employee or designee of SONYMA to examine and make copies of such records or to have any or all of said records reproduced by the Servicer for SONYMA at no cost to SONYMA.

SECTION 1.07 - REPORTS

Servicer shall render all reports regarding servicing of any Mortgage Loan at the time and in the form requested by SONYMA. Every report and all correspondence regarding a particular Mortgage Loan must reference its SONYMA Mortgage Loan Number.

SECTION 1.08 - ESTABLISHMENT OF SERVICER COLLECTION AND CUSTODIAL TAX AND INSURANCE ESCROW ACCOUNTS

Servicer shall establish and maintain Servicer Mortgage Collection Accounts for each bond resolution for deposit of payments of principal and interest on Mortgage Loans on behalf of the Trustee. In addition, the servicer shall establish and maintain separate accounts Custodial Tax & Insurance Escrow Accounts for deposits of all other payments on Mortgage Loans for each resolution on behalf of the mortgagors for which Mortgage Loans are serviced. Each such account shall comply with the provisions of the applicable Servicing Agreement.

Servicer shall advise SONYMA of the name of the depository bank, if such depository bank is other than the Servicer, and the title of each such account. The Servicer Mortgage Collection and Custodial Tax and Insurance Accounts shall be titled as follows:

Servicer Mortgage Collection Accounts

{Name of Bank} in trust for State of New York Mortgage Agency {Name of Resolution} Bondholders Fund (SONYMA, the issuer).

Custodial Tax and Insurance Escrow Account

{Servicer's Name} as custodian for Tax and Insurance escrow funds held in Trust for the benefit of the "MORTGAGORS" (SONYMA, the Issuer).

See Exhibit H of this Guide for a specific designation of the accounts currently existing under this Guide.

Servicer is required to mail on a monthly basis, a Servicer Mortgage Collection Account for each bond resolution that is currently serviced by Servicer to the following address:

SUPERVISOR, MORTGAGE ACCOUNTING DEPARTMENT
STATE OF NEW YORK MORTGAGE AGENCY
641 LEXINGTON AVENUE - 3RD FLOOR
NEW YORK, NY 10022

SECTION 1.09 - COMPENSATION

Servicer shall be compensated for services rendered to SONYMA pursuant to the Servicing Agreement and this Guide by the tax credit provided in Sections 190, 210 and Section 1456 of the Tax Law of the State as amended from time to time. The method by which such credit shall be computed for each Mortgage Loan shall be as follows:

- (a) Total all principal and interest payments on all such Mortgage Loans collected on behalf of SONYMA during the Servicer's fiscal or calendar year.
- (b) Deduct from the total computed in step (a) the sum of (i) all Curtailments and (ii) all payments in discharge of any Mortgage Loan.
- (c) Multiply the result computed in step (b) by 2.93% (.0293).

During January of each year, SONYMA shall advise Servicer and the Commissioner of Taxation and Finance of the State of the amount of credit to which Servicer is entitled.

SECTION 1.10 - ASSIGNMENT BY SERVICER

Servicer may not subcontract the performance of its duties under the Servicing Agreement or assign its interest thereunder, except with the written authorization of SONYMA. As a general rule, SONYMA will not authorize such a subcontract or assignment unless all or substantially all Mortgage Loans owned by Servicer are serviced by another Servicer and unless the proposed subcontractor is satisfactory to SONYMA.

SECTION 1.11 - ANNUAL REPORT OF SERVICER'S FINANCIAL CONDITION

- (a) Servicer shall mail to SONYMA/Treasury Department, 641 Lexington Avenue, New York, NY 10022, an audited year-end statement of its financial condition within ninety (90) days of its fiscal year end. If the Servicer does not submit its financial statements during this time period SONYMA may charge a \$100 penalty per month until such statement is received.

For this purpose, SONYMA will accept Servicer's Annual Report to its stockholders or supervisory authorities if Servicer is a Commercial Bank or a certified true copy of the report submitted to its supervisory authorities if Servicer is a mutual institution.

Servicers that are mortgage bankers must also submit copies of the Mortgage Bankers Financial Reporting Form submitted annually to FNMA, FHLMC and the Mortgage Bankers' Association.

- (b) SONYMA requires each Servicer to have capital of at least five percent (5%) of its assets. If Servicer's capital status is less than this amount, SONYMA will also require a financial plan demonstrating how the five percent (5%) capital position will be achieved and also, Servicer must submit to SONYMA trial balances of all Mortgage escrow accounts which are described in Section 2.03 of this Guide.
- (c) A Servicer that is a **MORTGAGE BANKER** must have an acceptable net worth of at least \$500,000. Acceptable net worth equals:

GAAP net worth

MINUS the sum of the following assets:

- (i) Purchase and originated Servicing
- (ii) Capitalized excess servicing
- (iii) Goodwill
- (iv) Other Intangibles
- (v) Plant, property and equipment
- (vi) Receivables from Affiliates
- (vii) Investments in Affiliates
- (viii) Investments in limited partnerships
- (ix) Investments in joint ventures
- (x) Real Estate Owned property (REO)
- (xi) Other Assets

PLUS deferred tax liability on capitalized excess servicing or [plus a dollar amount that represents 1/10% of the outstanding principal balance of its total portfolio of mortgages serviced for SONYMA.]

SECTION 1.12 - FIDELITY BOND AND ERRORS AND OMISSIONS COVERAGE

Seller must maintain in effect at all times and at its expense, fidelity insurance and errors and omissions coverage underwritten by an insurance company authorized to do business in the State and acceptable to Fannie Mae or Freddie Mac. For Servicers who are mortgage bankers, SONYMA will accept coverage under a Mortgage Bankers Blanket Bond Policy. Please note that if the Servicer is owned as a sole proprietorship or partnership, individual coverage will be required.

Each policy must:

- a. Name SONYMA as a "loss payee" on insurance drafts issued to pay for covered losses.
- b. Allow SONYMA the right to file claims directly in the event a Servicer fails to file.
- c. Provide for notification to SONYMA within thirty days, at a minimum, in the event of any cancellation, modification or failure to renew any policy.

The form and scope of such coverages shall also be consistent with the requirements of Fannie Mae or Freddie Mac. Coverage requirements are as follows:

<u>Coverage Amount</u>	<u>Annual Servicing Volume*</u>
\$300,000	\$100 million or less
Plus 0.15% of the next	\$400 million
Plus 0.125% of the next	\$500 million
Plus 0.1% of any amount over	\$1 billion

*For all one- to four-family loans including Mortgage Loans serviced for SONYMA.

The maximum deductible shall be the greater of \$100,000 or 5 percent of the minimum amount of insurance required above.

SECTION 1.13 - AUDITOR'S CONFIRMATION

If the auditor for Servicer mails confirmation notices to Mortgagors whose Mortgage Loans are owned by SONYMA and serviced by Servicer, a copy of the auditor's report to Servicer reconciling differences between Servicer's record of such Mortgagors and such Mortgagors' records shall be mailed to SONYMA within ten days after receipt thereof.

SECTION 1.14 - ANNUAL TAX SEARCH

Servicer shall ascertain, at least annually, the status of local real estate taxes, assessments and any other charges which may constitute liens or encumbrances against the Eligible Property prior to the lien of the Mortgage Loan and shall take all necessary steps to protect the priority of the lien of each Mortgage Loan. Servicer shall promptly notify SONYMA of the existence of any such prior lien, the steps Servicer has taken and its recommendations for future actions, if any.

SECTION 1.15 - COMMUNICATIONS

All inquiries and correspondence concerning non-accounting related servicing matters (delinquencies, foreclosures, owned real estate, insurance claims, etc.) should be directed to: Loan Servicing Manager, State of New York Mortgage

Agency, 641 Lexington Avenue, New York, New York 10022. All inquiries and correspondence concerning accounting related servicing matters, should be directed to: Supervisor/Mortgage Accounting Department at the same address.

Servicer shall furnish SONYMA's Loan Servicing Manager or Supervisor/Mortgage Accounting Department, as appropriate, with the name, title and telephone number of its officer who will be able to answer questions concerning the servicing aspects of Mortgage Loans which Servicer is servicing for SONYMA.

SECTION 1.16 (A) - NON - OWNER OCCUPANCY/COMMERCIAL OR BUSINESS USE

All properties financed by SONYMA Mortgage Loans must be owner occupied by all Mortgagors for the entire term of the Mortgage Loan. Renting or leasing of the Eligible Property, other than additional units incidental to a 2, 3, or 4 family dwelling, is not permitted. For all Mortgage Loans serviced, Servicer shall notify SONYMA immediately if it has reason to believe that the Eligible Property is not occupied by the Mortgagor as his or her principal residence.

SONYMA, once notified of a non owner-occupied property, will instruct Servicer to mail a letter notifying the Mortgagor that the property must be reoccupied immediately, or the entire unpaid principal balance of the Mortgage Loan, together with accrued interest thereon will become immediately due and payable. Should SONYMA choose to accelerate the Mortgage Loan, the Servicer shall not make available to the Mortgagor the provisions of Section 2.10 of this Guide but shall instead, if applicable, institute foreclosure proceedings in accordance with Section 2.11 of this Guide. If Mortgagor states that the non-owner occupancy was caused by hardship, SONYMA will review the circumstances on a case by case basis. If Mortgagor was relocated to another area by his employer, he will be given **up to 12 months** to sell the Eligible Property or refinance to payoff and satisfy the Mortgage Loan. Under no circumstances may the Eligible Property remain non-owner occupied beyond the designated period.

SECTION 1.16 (B) - COMMERCIAL OR BUSINESS USE

The Eligible Property cannot be used or intended for use in a trade or business, as an investment property, or as a recreational home, except for rental income incidental to a Two-Family Dwelling or a Three-or Four-Family Dwelling. Upon receiving notice or information that the Eligible Property is being utilized for any commercial or business use, to report such information immediately to SONYMA.

SECTION 1.17 - PROPERTY INSPECTIONS

The Servicer shall provide an inspection report to SONYMA at any time it learns of a situation or circumstance which might adversely impact the Eligible Property. In addition, the Servicer will submit an inspection report on those properties not complying with Section 1.16 of this Guide. Entry to the dwelling is not necessary during a routine property inspection. The inspector should pay special attention to the exterior of the dwelling for items that are in disrepair and can ultimately affect the value of the property. In the event there are items found to be in disrepair, the Servicer shall contact the Mortgagor in writing, and advise them of the suggested repairs that should be made. A record of the property inspection must be contained in the Servicer's Mortgage Loan file.

SECTION 1.18 - CONFLICTS OF INTEREST; SERVICER'S ACCESS TO PRIVILEGED INFORMATION CONCERNING MORTGAGOR'S ACCOUNTS; PRIVACY NOTICES

Through normal servicing activities, including the servicing of delinquent Mortgage Loans, Servicers sometimes obtain privileged information concerning the Mortgagors and Eligible Properties. Such privileged information shall not be used by its officers, employees, agents or affiliates, in any way which can be construed to represent a conflict of interest or an unfair advantage to user. All such information shall be used in a manner consistent with any applicable laws or regulations regarding disclosure of credit information. Servicer shall not acquire and Servicer shall not permit, to its knowledge, its officers, employees, agents or affiliates to acquire any property which secures a SONYMA owned

Mortgage Loan unless SONYMA has informed Servicer in writing that it does not object to such acquisition.

SONYMA requires that Servicers shall fulfill all applicable requirements of Subtitle A of Title V of the Gramm-Leach Bliley Act, codified at 15 U.S.C. 6801 et. seq. (The "Act"), specifically, but not limited to, the provisions relating to the disclosure of non public personal information. Servicers are required under this Guide to confirm to SONYMA that Servicers provided the initial privacy notice required by the Act to mortgagors, and that Servicers are providing annual privacy notices to said mortgagors, also as required by the Act.

SECTION 1.19 - RECAPTURE TAX

In accordance with the Code, as amended, any Mortgagor who purchases a home financed from the proceeds of a Mortgage Loan where the loan closing date was on or after January 1, 1991, is subject to a potential Federal recapture tax. Under the Code, Mortgagor is potentially liable to the IRS for a portion of the benefit received as a result of obtaining below-market rate financing through SONYMA. The below factors have to exist in order for a Mortgagor to be subject to the recapture tax.

- (a) Mortgagor must sell or transfer the Eligible Property within nine (9) years from the closing date of the Mortgage Loan.
- (b) Mortgagor must realize a gain on the sale or transfer of the Eligible Property, and
- (c) Mortgagor's household income, at the time of sale of the Eligible Property, must exceed a prescribed amount.

During the Mortgage Loan application process, Mortgagor receives and executes a disclosure form from the Seller. Furthermore, shortly after SONYMA's purchase of the Mortgage Loan, SONYMA sends a detailed disclosure directly to Mortgagor setting forth Mortgagor's responsibility to pay the potential Federal Recapture Tax. After these disclosures have been made, neither Servicer nor SONYMA has any obligation or responsibility to instruct Mortgagor on calculating the recapture tax. **MORTGAGORS REQUESTING ASSISTANCE SHOULD BE DIRECTED TO SEEK SUCH ADVICE FROM A QUALIFIED TAX PROFESSIONAL.** In general, if any tax is due, it is not payable until Mortgagor files their Federal income tax returns for the tax year in which the Eligible Property was sold or otherwise disposed.

PART II - GENERAL SERVICING REQUIREMENTS

SECTION 2.00 - PRIMARY MORTGAGE INSURANCE

- (a) Coverage Each Mortgage Loan which results in a loan-to-Value of the Property ratio in excess of 80 percent shall be insured by a PMI to the extent required so that the uninsured portion of such Mortgage Loan shall not exceed 72 percent of the Value of the Property. However, in no event shall a Mortgagor be required to maintain coverage, unless such coverage is otherwise unavailable, that reduces SONYMA's exposure to below 72 percent. Any such insurance shall be evidenced by a final endorsement, certificate or policy of insurance in the amount of the original principal balance of the Mortgage Loan.
- (b) Cancellation Regardless of the Mortgage Loan Closing Date, PMI coverage is required to remain in force until one of the following occurs, at which time coverage must **automatically be cancelled by Servicer**, provided that at such time Mortgagor is not more than 30 days past due on his or her Mortgage Loan payments:
 - (i) the principal amount of the Mortgage Loan is reduced to 80 percent of the original Value of the Property; or
 - (ii) the Mortgage Loan reaches the midpoint of its amortization schedule.

SONYMA will not permit PMI coverage to be eliminated based on an increase in the appraised value

of the Eligible Property. In no event, however, can the coverage be maintained if not permitted under applicable State or Federal law.

Failure to maintain primary mortgage insurance, as described in this Section 2.00, may result in the repurchase of Mortgage Loan by the Servicer.

SECTION 2.01 - HAZARD INSURANCE REQUIREMENTS

The Eligible Property securing each Mortgage Loan must be covered by a hazard insurance policy meeting the following requirements:

- (a) Scope and Amount of Coverage Required for Mortgage Loans. Insurance coverage of the following types and amounts is required on an Eligible Property covered by a Mortgage Loan:
 - (i) At minimum, the Eligible Property must be insured for loss or damage from fire and other perils within the scope of standard extended coverage. The insurance limits must at least equal the **higher** of the following:
 - (a) the unpaid principal balance of the Mortgage Loan up to 100 percent of the full replacement cost of the insurable improvements, or
 - (b) 80 percent of the full replacement cost of the insurable improvements.
 - In no event can the coverage amount be required to exceed 100 percent of the full replacement cost of the insurable improvements on the Eligible Property. All amounts under the insurance shall be sufficient to prevent the mortgagee from becoming a co-insurer thereunder.
 - (ii) Such insurance must remain in effect over the entire term of the Mortgage Loan. The premium on each policy shall have been paid in full by the Mortgagor and no "courtesy receipts" or other secondary financing of such premium shall be permitted.
 - (iii) Where a property is exposed to any appreciable hazard against which Fire and Extended Coverage Insurance does not afford protection, Servicer is required to ensure that any additional insurance required to cover such hazard be maintained over the entire term of the Mortgage Loan.
 - (iv) Insurance policies shall be sufficient in amount and scope of coverage to meet the requirements of the PMI and/or the Pool Insurer.
 - (v) The deductible may not exceed the higher of \$1,000 or one percent (1%) of the policy's insurance limits.
 - (vi) Each Mortgage Loan shall provide that in the event of any loss settlement on a hazard insurance policy the mortgagee shall have the option of applying the loss settlement proceeds against the principal amount of the Mortgage Loan rather than to the restoration of the Eligible Property.
- (b) Minimum Financial Rating of Carrier; No Assessments; Other Requirements. Each hazard insurance policy must be written by a hazard insurance carrier which is specifically licensed or authorized by law to transact business in the State and which has, or which is fully reinsured by a company which has, a current rating that is acceptable to FNMA or FHLMC.

- (c) Unacceptable Policies. Policies are unacceptable in situations where:
- (i) under the terms of the carrier's charter, by-laws or policy, contributions or assessments may be made against SONYMA or SONYMA's designee; or
 - (ii) contributions or assessments may be made against the owner of the property which could become a lien on the property superior to the lien of the Mortgage Loan; or
 - (iii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's Board of Directors, policyholders, or members; or
 - (iv) the policy includes any limiting clauses (other than insurance conditions) which could prevent SONYMA or the owner of the property from collecting insurance proceeds.
- (d) Mortgagee Clause; Endorsement. All policies of hazard insurance must contain or have attached the standard mortgagee clause customarily used in the area in which the property is located, naming SONYMA as the first mortgagee. The Servicer's address is to be used in the endorsement in lieu of the address of SONYMA. A sample of the mortgagee clause shall read as follows:

State of New York Mortgage Agency
c/o Servicing Institution
Servicer's Address
City, State, Zip Code

The policy must provide that the insurance carrier shall notify the mortgagee at least ten days in advance of the effective date of any cancellation or material modification of the policy. It is Servicer's responsibility to ensure that each insurance policy is properly endorsed and to give any necessary notices of transfer in order to fully protect, under the terms of the policy and applicable law, SONYMA's interest as first mortgagee. All policies must provide that the insurance carrier waive all rights of set-off, counterclaim or deduction against Mortgagor.

- (e) Flood Insurance. If the Eligible Property is located in an area identified by the Director of the Federal Emergency Management Agency (FEMA) as a Special Flood Hazard Area (SFHA), Servicer must ensure that flood insurance is maintained by Mortgagor throughout the entire term of the Mortgage Loan in the coverage amounts and conditions set forth below.
- (i) Properties must be located in a community participating in the National Flood Insurance Program (NFIP).
 - (ii) For each Mortgage Loan, SONYMA requires that Servicer monitor FEMA remappings for the entire term of each Mortgage Loan. Upon notification that an Eligible Property is located in a SFHA as a result of a FEMA remapping, Servicer must immediately secure flood insurance for the Eligible Property.
 - (iii) The requirement for flood insurance may be waived if:
 - (a) a portion of the land is in a SFHA but the improvements are not;
 - (b) the Mortgagor obtains a letter from FEMA stating that its maps have been amended and the Eligible Property is no longer in a SFHA.
 - (iv) Coverage amounts must at least equal the **higher** of the following:
 - (a) the unpaid principal balance of the Mortgage Loan up to 100 percent of the full replacement cost of the insurable improvements, or

- (b) 80 percent of the full replacement cost of the insurable improvements.

In no event, however, does the coverage need to exceed the maximum amount currently sold under the NFIP for the type of improvements insured.

- (v) The deductible may not exceed the higher of \$1,000 or one percent (1%) of the policy's insurance limits.
 - (vi) Flood insurance is not required for individual units in a condominium, planned unit development (PUD), or cooperative project if the unit is located in a high-rise building. However, if the condominium or PUD owners' association or cooperative corporation is located in a SFHA, it must maintain a blanket flood insurance policy on the common elements of the project, including machinery and equipment that are part of the building(s).
- (f) Condominiums, Planned Unit Developments and Cooperatives: Hazard Insurance Requirements. If the Eligible Property is located in a condominium, PUD, or cooperative project, the following requirements apply:
- (i) Condominiums. A blanket "all risk" policy must be purchased and maintained by the owners' association of the condominium project. The policy must cover all of the general and limited common elements including fixtures, building service equipment and common personal property and supplies owned by the owners' association. The policy must also cover all fixtures, equipment, and improvements inside the individual units, whether or not they are part of the common areas. The insurance policy must at least protect against loss or damage by fire and all other hazards normally covered by the standard extended coverage endorsement, and all other perils typically covered with similar types of projects.

Coverage must be from an insurance company authorized to do business in the State for 100 percent of the insurable value of the common elements or property described above and provide for loss or damage on a replacement cost basis. The policy must contain all of the special endorsements typically required by FNMA or FHLMC.

The deductible amount shall not exceed the lower of \$10,000 or one percent (1%) of the policy amount and funds to cover the deductible must be included in the owners' association operating reserve account.

The policy shall be in the name of the board of directors of the owners' association as trustee for all unit owners and mortgagees according to the loss or damage to their respective units and appurtenant common interests and payable in case of loss to such bank or trust company authorized to do business in the State as the owners' association shall designate for the custody and disposition of all proceeds of such insurance, without prejudice to the right of each unit owner to insure his unit for his own benefit. Except in the case where the "declaration" or other equivalent constituent document of the condominium project shall provide that the owners' association may vote not to rebuild, repair or otherwise reinstate any improvements of the project damaged or destroyed by casualty required to be insured against and that such vote shall be subject to the written consent of all mortgagees affected, in every case of such loss or damage, all insurance proceeds shall be used as soon as reasonably possible by the owners' association for rebuilding, repairing or otherwise substantially reinstating the same buildings in a good and workmanlike manner according to the original plan and elevation thereof or such modified plans conforming to laws and ordinances then in effect as shall be first approved as provided in the said declaration or constituent document. In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the property, whether to the unit or to the common elements, any such proceeds payable to the Mortgagor shall be assigned under the Mortgage Loan and be paid to SONYMA, as mortgagee, for application of such proceeds against the principal amount of the Mortgage Loan, with the excess, if any, paid to the Mortgagor.

- (ii) PUDs. If the Eligible Property is located in a PUD, Mortgagor is required to obtain an individual insurance policy covering the unit unless the project's constituent documents permit for a blanket insurance policy to cover both the individual units and the common elements. In either case, the policy must contain the standard extended coverage endorsement and must not exclude any types of perils normally covered by the

endorsement for one- to four-family properties.

If the individual unit owners purchase their own insurance, the homeowners' association must purchase a blanket "all risk" policy to cover the common areas. The coverage amounts, deductible amounts and requirements are the same as for condominiums as stated above except that for individual units covered under a blanket policy, the maximum deductible is the higher of \$1,000 or one percent (1%) of the replacement cost of the unit. The policy must name the homeowners' association as the insured, must contain the standard mortgage clause and must name Servicer or SONYMA, its successors or assigns, as mortgagee.

- (iii) **Cooperatives.** A blanket "all risk" policy must be purchased and maintained by the cooperative corporation. The policy must cover the entire project, including the individual units. The insurance policy must at least protect against loss or damage by fire and all other hazards normally covered by the standard extended coverage endorsement, and all other perils typically covered with similar types of projects.

The insurance must cover 100 percent of the current replacement cost of the project facilities, and the endorsements typically required by FNMA must be in effect. Deductible amounts and requirements are the same as those stated above for condominiums except that for individual units, the maximum deductible is the higher of \$1,000 or one percent (1%) of the replacement cost of the unit. The policy must name the cooperative corporation as the insured, must contain the standard mortgage clause and must name SONYMA, its successors or assigns, as mortgagee.

- (g) **Insurance Coverage Varying From Above Requirements.** Insurance coverage which does not meet the foregoing requirements will be considered on a case-by-case basis by SONYMA upon request by the Servicer. SONYMA may require such additional coverage as it may deem necessary in connection with any case or group of cases.

SECTION 2.02 - INSURANCE LOSS SETTLEMENTS

- (a) **Amount of Loss \$15,000 or less.** SONYMA need not be named as payee on insurance loss drafts when the amount of the draft is \$15,000.00 or less. If SONYMA is named as payee on any drafts for \$15,000.00 or less, Servicer is authorized to endorse such draft on behalf of SONYMA. Prior to releasing the draft, however, Servicer, must obtain satisfactory evidence that the Eligible Property has been, or will be, repaired to its original or equivalent condition. Servicer may exercise its own prudent judgment to determine whether a physical inspection of the Eligible Property should be made. Servicer shall document in the Mortgage Loan file all pertinent facts concerning the loss and the disposition of the draft.

Servicer shall take such action as is necessary, consistent with prudent servicing practice, to expedite payment of such claims.

- (b) **Amount of Loss Exceeding \$15,000.** Servicer shall promptly notify SONYMA and PMI of any loss estimated to exceed \$15,000 and shall recommend a course of action with respect to the use of the insurance proceeds. Servicer shall include the following information in recommending rehabilitation of the Eligible Property:
 - (1) The loss draft check for SONYMA's endorsement;
 - (2) An inspection report detailing the full extent of the damage to the Eligible Property;
 - (3) Estimates from contractors detailing the cost necessary to restore the Eligible Property to full physical and functional condition; and
 - (4) A Recommendation outlining what steps will be taken to complete the rehabilitation of the Eligible Property in a timely manner.

Generally, SONYMA will approve recommendations that contain partial disbursements or draw plans, provided that adequate steps are taken to insure that the amount of work completed is an amount at least equal to the funds to be disbursed on each draw.

Prior to final disbursement of the funds, Servicer shall prepared an inspection report evidencing satisfactory completion of all necessary repairs and including all applicable warranties, waivers of lien and municipal approvals.

SECTION 2.03 - MORTGAGORS' ESCROW ACCOUNTS

SONYMA requires that an escrow be held for all maintenance charges, as defined below, for all Mortgage Loans and that such escrow shall be maintained until the Mortgage Loan is fully satisfied. The escrow must be maintained in a FDIC insured bank. Individual Mortgage Loan escrow accounts shall be maintained if the mortgage instruments require the Mortgagor to make periodic escrow payments. Such accounts will be reported to the FDIC as individual accounts so as to insure their protection to the maximum allowable amount. Servicer shall pay all "maintenance charges" prior to the due date for payment thereof. Maintenance charges shall mean those charges for which escrow payments are collected pursuant to the provisions of the mortgage instruments and which are or may become first liens on the Eligible Property, premiums for hazard and flood insurance, and any premiums due to the FHA, RHS, or PMI.

Where Mortgage Loans owned by SONYMA are insured by the PMI, FHA or RHS, SONYMA requires that Servicer make payment to the PMI, FHA or RHS, from the Mortgagor's escrow account as such mortgage insurance premiums become due and payable. The Mortgagor shall be required by Servicer to deposit monthly in the Mortgagor's escrow account amounts sufficient to provide for payment of PMI, FHA or RHS insurance premiums, as they become due. The mortgagor number assigned to SONYMA by the FHA is 34379. SONYMA's assigned employer identification number is 16-0973504.

Servicer shall analyze all escrow accounts at least once a year for the purpose of determining that sufficient funds will be on hand to meet all maintenance charges as they become due. Servicer shall take all such steps as are necessary to increase the Mortgagor's periodic escrow payments to meet all such charges.

Except where the Servicer is not required to pay interest on the escrow accounts because the payment of such interest would violate any federal law or regulation, Servicer shall bear the sole responsibility for paying interest on such escrow accounts, pursuant to the provisions of Chapter 119 Section 14-A and 5-601 of the Laws of New York, 1974.

SECTION 2.04 - RELEASE OF MORTGAGOR FROM LIABILITY

There are instances where a Mortgagor may request release from liability on the promissory note. In such cases, the Servicer must submit the following documentation to SONYMA for review:

- (1) A transmittal letter requesting approval of the release request with the Servicer's reasons for recommending same. The letter should contain the SONYMA Mortgage Loan Number, the bond series under which the Mortgage Loan was purchased and the current unpaid principal balance, interest rate and the maturity date of the Mortgage Loan;
- (2) Approval from any applicable Pool Insurer and/or PMI;
- (3) A properly completed FNMA/FHLMC residential loan application by the Mortgagor remaining on the Mortgage Loan;
- (4) An executed copy of the sales contract, if applicable;
- (5) A residential mortgage credit report on the remaining Mortgagor;

- (6) A completed verification of employment form or equivalent on the remaining Mortgagor;
- (7) A completed verification of deposit form or equivalent on the remaining Mortgagor;
- (8) A copy of the original note and mortgage;
- (9) A duly executed and notarized assumption agreement in a form similar to that included herein as Exhibit C;
- (10) A current appraisal report on a FNMA/FHLMC form;
- (11) A notarized affidavit from Mortgagors, establishing the relinquishment of all rights on the part of the Mortgagor wishing to be released and the acceptance of full responsibility under the Mortgage Loan by the remaining Mortgagor; and
- (12) Such other documents as SONYMA may reasonably request.

SECTION 2.05 - MORTGAGE LOAN ASSUMPTIONS

- (a) **Mortgages with “Due on Sale or Transfer Clauses.”** Unless required by law, SONYMA **does not** permit assumptions on Mortgage Loans containing due on sale or transfer clauses. All Mortgage Loans purchased under the Low Interest Rate Mortgage Program and in many cases Mortgage Loans purchased under previous SONYMA bond programs contain such clauses and therefore, are not assumable. Please review the mortgage instruments to determine if a Mortgage Loan is assumable.
- (b) **Mortgages with Clauses Permitting Assumption.** Some mortgage instruments in the Low Interest Rate Mortgage Program for loans purchased under bond programs issued prior to 1985, contain clauses permitting assumptions provided the assumptor or purchaser is creditworthy. The Servicer must be aware of the following and submit required documents to SONYMA’s Loan Servicing Manager for review.
 - (1) Prior approval of the PMI and Pool Insurer must be obtained, if applicable. The above listed documentation should be sent to the appropriate Pool Insurer as identified in Exhibit A of this Guide.
 - (2) The applicant/assumptor must intend to occupy the Eligible Property being purchased as his principal place of residence, and must intend to occupy it within sixty (60) days of the closing date.
 - (3) The interest rate will be established by SONYMA at the time of the request, taking into consideration SONYMA’s cost of funds, and the bond series under which the Mortgage Loan was purchased.
 - (4) The original maturity date of the Mortgage Loan will not be extended.
 - (5) The Servicer shall be entitled to the customary processing fee to cover the cost of the necessary credit and appraisal reports. No other points or fees are permitted. All legal expenses and other costs, if any, shall be paid by the applicant/assumptor. SONYMA shall not be required to pay any fees or points.
 - (6) Secondary financing, from a source other than SONYMA, will be permitted if SONYMA is satisfied that the applicant/assumptor has sufficient income to amortize the Mortgage Loan, and the junior loan.
 - (7) “Wrap-around” financing will not be permitted.
 - (8) Increases of the outstanding balance will not be permitted. (If the Servicer wishes to grant the entire financing needs of the applicant/assumptor, SONYMA will assign the Mortgage Loan to the Servicer upon receipt of the sum equal to entire outstanding principal balance with accrued interest proceeds.)

- (9) In cases where Mortgage Loans do not require SONYMA's consent as mortgagee the Servicer shall note on its records and shall advise SONYMA, not later than five business days after it receives notice thereof, of a change in ownership of an Eligible Property. Servicer shall advise SONYMA of the new owner's name, address, place of employment, if known, and whether the new owner has assumed the Mortgage Loan. Servicer shall obtain any necessary insurance endorsements and do all things required to maintain its records in an accurate and current status with respect to the true ownership of the Eligible Property.

SECTION 2.06 - PREPAYMENT PENALTIES

The current mortgage documents required for Mortgage Loans originated under the Low Interest Rate Mortgage Program do not contain prepayment penalties. However, if the mortgage instruments on some older SONYMA loans (other than with regard to a Mortgage Loan insured by FHA) do provide for a prepayment penalty, Servicer is authorized to collect such penalty if it would do so under similar circumstances on a mortgage held for its own account. Servicer shall remit the amount of such penalty to SONYMA on the remittance date next following collection.

If Servicer would waive such prepayment penalty under similar circumstances on a mortgage held for its own account, it shall waive the penalty on a Mortgage Loan serviced for SONYMA.

SECTION 2.07 - REQUESTS FOR PARTIAL RELEASE, EASEMENTS, WAIVERS, AND CONSENTS

- (a) Applications for easements, waiver of any right under a Mortgage Loan, consent to substantial alterations, removal, demolition, or taking by eminent domain of the Eligible Property, and other matters relating to changes affecting the Mortgage Loan or the Eligible Property shall require specific notification and approval by SONYMA, PMI and Pool Insurer. Servicer shall furnish detailed information including, but not limited to, supporting appraisals, blue prints, plats, sketches and legal instruments and shall recommend a specific course of action. When the approval of any PMI is required, it should be obtained first together with the consent of co-makers, guarantors and other obligors as applicable.

Servicer shall have the responsibility to see that the instruments used in connection with changes affecting Mortgage Loans of Eligible Properties are in proper form, and that all requirements under applicable law are met. In addition, all required instruments must be executed by SONYMA. Application against the Mortgage Loan of any proceeds from an easement, or other modification, or from taking by eminent domain, shall be set forth in the Mortgage Loan file.

If necessary, Servicer shall inform the applicable tax authority of the release of real property and request a division of any taxes levied or to be levied.

A conformed copy of the instrument used to complete the transaction shall be sent to any required PMI and Pool Insurer as appropriate by Servicer.

SONYMA will not permit the sub-division or other partial release of any Eligible Property purchased under its Low Interest Rate Mortgage Program.

- (b) **Abandonment of Eligible Property.** If an Eligible Property has been abandoned, Servicer should (i) attempt to locate the Mortgagor and ascertain the reasons for the abandonment or vacancy, (ii) submit a written inspection report to SONYMA and (iii) within the rights of the mortgagee, take such action as is necessary for the protection of the property to avoid waste, damage and vandalism. The full results of the investigation and Servicer's recommendations shall be reported promptly to SONYMA.

SECTION 2.08 - SERVICING DELINQUENT MORTGAGES

- (i) SONYMA Servicers are required to report on a monthly basis, by the 10th calendar day of the next succeeding month, each Mortgage Loan that is delinquent 60 days or more in the payment of principal, interest and/or maintenance charges (See Section 2.03 of the guide).
- (ii) Servicers are required to submit the delinquency data in an electronic format, replacing the hard copy SONYMA Form# 100. The data must be sent as an Excel spreadsheet (using Excel 2000, or earlier version), attached to an Internet e-mail transmission submitted to Delinquency@nyhomes.org. The text of the e-mail message to be used is shown in Exhibit B. Submission of delinquency data in an electronic spreadsheet format will not eliminate the occasional need to submit certain hard copy documents (i.e. Foreclosure plan).
- (iii) By the 90th day following a default, Servicer shall recommend appropriate action based on the Mortgagor's circumstance. If the Mortgagor has not responded, Servicer is required to follow requirements as set forth in Section 2.11 - "Institution of Foreclosure" - of this Guide.
- (iv) Servicer should avoid the establishment of inflexible rules in the servicing of delinquent Mortgage Loans and should treat each one on an individual basis, provided that in so doing, the action taken is consistent with all requirements of the Servicing Agreement, this Guide and where applicable, the VA, FHA and RHS requirements necessary to maintain the federal insurance or guaranty in full force and effect. Also, the requirements of any applicable PMI or Pool Insurer must be carefully followed.

(b) Early Delinquency Intervention Program

For all Mortgage Loans (a) where the original loan-to-Value of the Property exceeded ninety-five percent (95%) or (b) where Mortgagor contributes less than five percent (5%) of his or her own funds in the transaction, or (c) where the combined LTV of the Property exceeds 100%, Servicer will be responsible for managing and administering the special reporting procedures required for each delinquent Mortgage Loan. Specifically, the Servicer must be able to "flag" these Mortgage Loans on its servicing system and if Mortgagor does not make the scheduled payment, attempt to make telephone contact with the Mortgagor by the 16th day of the month to ascertain the status of the late mortgage payment.

The Servicer must manage the early delinquency intervention program in conformance with the requirements of, FNMA or FHLMC, and the PMI.

The counseling must be provided to any Mortgagor who becomes delinquent during the seven (7) years immediately following the date the Mortgage Loan is closed.

SECTION 2.09 - LATE CHARGES

Servicer shall only collect late payment charges to the extent expressly provided for in the Mortgage Loan instruments and at the rate that is customary, but in no event shall Servicer impose any late payment charges with respect to any payment received within 15 days after the payment is due nor in any amount in excess of the amount then currently allowed by federal or state law or regulation. Servicer shall be entitled to retain late charges received, as additional servicing compensation; provided, however, that no part of any funds received with respect to a foreclosed Mortgage Loan shall be applied to late charges by Servicer and retained by Servicer as part of servicing compensation, notwithstanding any provision in the Mortgage Loan to the contrary. Servicer may waive late payment charges on behalf of SONYMA when such waiver is of assistance to Servicer in bringing the Mortgage Loan current.

SECTION 2.10 - REPAYMENT PLANS, SPECIAL FORBEARANCE RELIEF AND MODIFICATIONS

Subject to the requirements set forth in this Section 2.10, SONYMA grants Servicers reasonable discretion to extend appropriate relief to Mortgagors who encounter temporary financial hardship and who are cooperative and have demonstrated regard for their obligations. Servicers should be readily available to offer skilled financial counseling and advice to Mortgagors, and should make personal contact with delinquent Mortgagors as soon as possible in order to achieve a solution which will bring the Mortgage Loan current as soon as possible. In cases where the Mortgage Loan is subject to the Early Delinquency Intervention Program, Servicer must attempt to contact Mortgagor and meet the special reporting requirements described in Section 2.08(b) above. It is expected that Servicers will be fully familiar with the various forms of relief provided for herein, and will employ such relief wherever appropriate rather than recommending foreclosure of the Mortgage Loan. No such relief, however, should be granted unless there is a reasonable expectation that the relief granted will result in the Mortgagor bringing and maintaining the Mortgage Loan current.

Prior to granting relief as herein provided, Servicer should inspect the Eligible Property and ascertain that the reason for the default and the attitude and circumstances of Mortgagor justify the relief to be granted. Servicer is responsible for satisfying all applicable mortgage insurance requirements with respect to the relief granted and for collecting from Mortgagor any recording or similar costs incidental to the granting of relief. SONYMA's execution of a Repayment Plan or Special Forbearance Relief Agreement which Servicer prepares or has prepared, shall not require independent review by SONYMA as to legal adequacy, which is Servicer's responsibility.

Where relief is appropriate, Servicer should determine whether the relief should be:

- (a) **"Repayment Plan"** - giving Mortgagor a definite period in which to bring the Mortgage Loan current by immediately commencing payments in excess of the regular monthly installments.

Servicer is authorized in its discretion to enter into a Repayment Plan which shall provide that the total delinquency will be repaid (commencing immediately) within the shortest period practicable, and in any case not to exceed twelve months from the date of extension.

The Repayment Plan must be executed by Mortgagor and by Servicer in the form of a letter agreement if the earliest unpaid installment is more than 45 days past due. Servicer shall immediately forward a copy of the executed Repayment Plan to SONYMA to the attention of the Loan Servicing Manager.

- (b) **"Special Forbearance Relief Agreement"** - reducing or suspending the regular monthly installments for a specified period of time.

A "Special Forbearance Relief Agreement" is a written agreement to reduce or suspend regular payments for a forbearance period of up to 12 months, after which regular payments are required.

The prior approval of a Special Forbearance Relief Agreement by SONYMA is required. Servicer shall also obtain the necessary approval of any mortgage insurer prior to executing a Special Forbearance Relief Agreement. The agreement must outline specific dates for repayment and the specific amounts to be paid. After all necessary approvals have been obtained, Servicer shall prepare the agreement, have it executed by all parties and forward the copies of the completed agreement **to SONYMA for execution.**

If Mortgagor fails to comply with Mortgagor's obligations under the Special Forbearance Relief Agreement, Servicer shall, before the failure has continued for 60 days, recommend: (i) a new Special Forbearance Relief Agreement with the Mortgagor, if the aggregate forbearance period does not exceed 12 months for conventional loans or 18 months for FHA/VA/RHS loans (ii) foreclosure (iii) acceptance of a deed in lieu thereof.

- (c) **"Modification Agreement"** - SONYMA **will not** approve any modification of an existing Mortgage Loan that includes a change of the term and/or interest rate.

SECTION 2.11 - INSTITUTION OF FORECLOSURE

By the 90th day following the due date of the earliest unpaid installment, Servicer shall recommend appropriate servicing action based on the particular circumstances of each Mortgage Loan. Servicer should not recommend foreclosure until every reasonable effort has been made to arrive at a solution to the delinquency, as provided in Section 2.10 above. However, once the Servicer determines that no other course of action will cure the default and the monthly payments of principal and interest with respect to the Mortgage Loan are one hundred and twenty (120 days) past due, the Servicer should promptly recommend foreclosure action by completing Parts I and II of the Foreclosure Recommendation, Consent, and Status Report Form (SONYMA Form 222; Exhibit E) and submitting the completed form along with all required supporting documentation. **Foreclosure cannot commence without SONYMA approval.**

If any action or proceeding of foreclosure is instituted with respect to the property, the Servicer is required to include the Closing Cost Assistance (CCAL) loan where applicable, in all proceedings.

The following are the required documentation:

- (1) SONYMA Form 222, fully completed, and signed by Servicer.
- (2) Copies of original note and mortgage.
- (3) A recent inspection report of the Eligible Property.
- (4) Letter from Servicer's counsel recommending foreclosure and including the name and address of the attorney who was assigned to case.

SONYMA will review the Servicers' request for approval of foreclosure, and will respond by completing Part IV of Form 222. The Servicer shall actively continue all efforts to cure the default until approval of the foreclosure has been received from SONYMA. Servicer may provide notice of impending foreclosure to Mortgagor prior to approval of the action by SONYMA. Servicer shall select the foreclosure counsel on behalf of SONYMA subject to SONYMA approval. All legal fees relating to foreclosure are to be paid by Servicer and all reasonable and customary legal fees will be reimbursed by SONYMA, upon completion of the proceedings and the settlement of all insurance claims if the fee is not collected from Mortgagor. Servicer is required to instruct attorneys to prepare and forward all documentation to SONYMA for execution upon approval of the foreclosure, including the Summons & Complaint and all other documents. Servicer is not authorized to execute any documents pertaining to the foreclosure action on behalf of SONYMA.

-Servicer is required to obtain and review property inspections every month during the foreclosure process.

-Servicer must ensure that throughout the foreclosure process that the Eligible Property is covered by a hazard insurance policy.

- A. **Action During Foreclosure** - Servicer shall by the 10th day of each month, report the current status of foreclosure proceedings by submitting the electronic transmission of the Foreclosure Status Report (Exhibit E) to SONYMA at the following E-MAIL ADDRESS: foreclosure@nyhomes.org.
- B. **Vacant Properties** - Once Servicer determines that an Eligible Property is vacant, Servicer must secure the Eligible Property. The Eligible Property must be covered under a blanket vandalism and liability insurance policy obtained by the Servicer. The premium of such insurance will be refunded to the Servicer once the Eligible Property is sold and all PMI and Pool Insurance claims are settled. If the Eligible Property is vandalized and insurance coverage was not secured by the Servicer, the Servicer will be responsible for all damages.
- C. Servicer shall retain Mortgagor's escrow funds, insurance policies, and tax receipts, and obtain bills for escrow expenses. If Mortgagor's escrow funds are insufficient to pay escrow expenses as they become due during foreclosure, Servicer shall advance funds for the payment of such escrow expenses when and to the extent necessary to protect the Agency's interest. Servicer shall also be required to advance all funds necessary to cover the cost of the foreclosure and take any action necessary to protect the Eligible Property as well as SONYMA's rights under the

terms of the mortgage agreement. Such advances will be repaid by SONYMA upon completion of the foreclosure action and sale of the Eligible Property. Servicer shall be responsible for satisfying all requirements and promptly forwarding all required reports and other documents, to any PMI and any applicable Pool Insurer to assure maximum benefit of the insurance.

- D. **Reinstatement of Loans During Foreclosure.** - If, during the foreclosure, a Mortgagor offers to reinstate the Mortgage Loan, the Servicer is authorized to accept such offer conditioned upon the full payment of all outstanding principal and interest arrearages, legal costs (including foreclosure costs) and all other costs and expenses advanced by the Servicer. **Servicer is not authorized, under any conditions, to accept partial payment of the outstanding arrearages, costs and expenses.** If the offer is accepted, upon receipt of funds, Servicer shall take actions necessary to prevent additional foreclosure costs and expenses from being incurred and apply funds (exclusive of foreclosure costs and expenses) to Mortgagor's account, and pay the foreclosure costs and expenses. Servicer must inform SONYMA's Loan Servicing Manager in writing of the date and the full amount of the reinstatement.
- E. **Bidding Instructions.** - Unless otherwise directed by SONYMA, Servicer shall issue bidding instructions to its employee, agent or the attorney attending the foreclosure sale at least 15 days prior to the foreclosure sale. Servicer shall recommend the maximum amount which should be bid on behalf of SONYMA and shall request approval of such amount. **On all Mortgage Loans, bidding instructions must be approved by any PMI and/or applicable Pool Insurer.**
- F. **Notification of Foreclosure Sale.** - Servicer must inform SONYMA, within two business days, of the results of a foreclosure sale, which includes sale date, amount of bid and SONYMA Loan Number. Results are to be faxed to Loan Servicing Manager at (212) 872-0485 and also mailed to Loan Servicing Manager, 641 Lexington Avenue, New York, NY 10022. Failure to notify SONYMA of a foreclosure sale may result in repurchase of loan by Servicer.

SECTION 2.12 - DEED IN LIEU OF FORECLOSURE

In the event a Mortgagor offers or is willing to execute a voluntary deed in lieu of foreclosure, Servicer shall forward its recommendation to SONYMA, and the PMI/Pool Insurer. If the Mortgage Loan is insured by the FHA, or RHS, Servicer shall state whether the Mortgagor owns any other property covered by an FHA or RHS mortgage. No cash consideration will be paid to a Mortgagor for voluntary conveyance of the Eligible Property without prior approval of SONYMA. In most cases, the Eligible Property should be vacant at the time the Mortgagor tenders the executed deed, but in some individual cases the Mortgagor may request, and SONYMA may allow, a specific period of time for delivery of possession of the Eligible Property in connection with the acceptance of a deed in lieu of foreclosure. Any advances paid by Servicer shall be reimbursed by SONYMA at the time such property is **sold** and all insurance claims settled. Once title is deeded to SONYMA, the Servicer is to follow the requirements set forth in Section 2.13.

If the Mortgage Loan is insured by the FHA or RHS or guaranteed by the VA, Servicer shall comply with all applicable FHA, RHS or VA rules and regulations and obtain all necessary consents to the acceptance of a deed in lieu of foreclosure. Furthermore, the Servicer shall comply with all requirements of any PMI and/or Pool Insurer, if applicable, to assure maximum insurance benefits.

When the necessary consent has been received from SONYMA and where applicable, the FHA, RHS or VA Servicer shall obtain prompt execution of all appropriate documents by the Mortgagor. Servicer shall forward to SONYMA the executed documents after filing with the appropriate County Clerk or Register, and shall forward copies thereof to the FHA, RHS or VA where required.

SECTION 2.13 - OWNED REAL ESTATE PROPERTIES (ORE)

The Servicer is responsible for the maintenance, security and marketing of all Owned Real Estate (ORE) properties. The foreclosure sale and all documents to effect such sale must be held, in the name of the "State of New York Mortgage

Agency” (not the Servicer). Servicer cannot list the Eligible Property without approval from PMI/Pool Insurer and SONYMA. The listing agreement must be submitted to SONYMA for signature. Broker’s fee must not exceed 7% of sales price unless permitted by the PMI/Pool Insurer.

The Servicer is responsible for the following once title to the Eligible Property passes to SONYMA:

- (1) Removal of Mortgage Loan from Servicer’s trial balance.
- (2) Ordering an inspection to determine if the Eligible Property is occupied or vacant.
- (3) Commencing eviction proceeding if the property is occupied.
- (4) Placing the Eligible Property under a liability insurance policy which includes vandalism coverage.
- (5) Removal of OREs from tax roll (see Section 2.14).
- (6) Ordering an appraisal of the Eligible Property and brokers price opinion.
- (7) Filing the appropriate claim with the PMI within 60 days of acquiring the property.
- (8) Submitting the brokers price opinion, and copy of appraisal to PMI for a list price. (If PMI declines to give a list price, information must be submitted to the Pool insurer for list price.)
- (9) Making regular monthly inspections of the property.
- (10) Forwarding to SONYMA the PMI claim check.

The following are approximate expense and preservation amounts set forth by SONYMA and may increase with prior approval from PMI/Pool Insurers:

ITEM

Securing	
-- Rekeying (per door).....	\$50
-- Boarding	\$400
Initial property Cleaning	\$200
Monthly property Cleaning	\$40
Initial yard maintenance	\$200
Yard maintenance (weekly in season)	\$40
Winterization	\$200
Dewinterization	\$100
Trash removal (per unit)	\$300
(includes dumping fees)	
Snow removal (per occurrence)	\$50

Property must be maintained, which includes winterizing, lawn care and debris removal. All advances made by the Servicer shall be reimbursed by SONYMA at the time such properties are **sold** and all insurance claims are settled.

If the Servicer fails to maintain PMI coverage or does not properly file a PMI claim, SONYMA may request that Servicer purchase the property from SONYMA at full outstanding balance of the mortgage plus accrued interest. SONYMA will not be responsible for any losses caused by the Servicer or its attorney.

B. Purchase Offers - ORE Properties

Offers to purchase ORE properties must be submitted to SONYMA and the appropriate Pool Insurer for review and approval. Once approved, the Servicer may proceed to draw up the necessary sales contract which must be submitted to SONYMA for review and execution. Please note that the contract must identify the "State of New York Mortgage Agency" as property seller (SONYMA's Federal I.D. # is 16-0973504.) Any subsequent addition, deletion or modification of the contract must be submitted to SONYMA and the Pool Insurer for approval.

Once established, SONYMA should be advised of the proposed closing date.

C. Closing Documents - ORE Properties

All closing documents must be prepared by the outside counsel that Servicer has retained on behalf of SONYMA to handle the closing. These documents must be accurate as to the following:

- (1) The "Seller" must read "The State of New York Mortgage Agency."
- (2) The purchase price must be shown on all documents including the Real Property Transfer Gains Affidavit.
- (3) SONYMA's Transfer Tax Status.

All closing documents must be sent to SONYMA for execution by an authorized representative of SONYMA. The Servicer **does not** have power of attorney to execute closing documents. SONYMA requires 10 business days to review and execute the closing documents. Please do not schedule closings without following the 10 day requirement.

D. Sales Proceeds/Filing of Pool Insurance Claims

Once the closing is held, the sales proceeds check, made payable to SONYMA, should be mailed to the attention of: Loan Servicing Manager. SONYMA will not accept double endorsed checks.

In addition to the sales proceeds, the following is required:

- (1) A copy of the closing settlement statement.
- (2) A copy of the pool claim with all attachments. (Servicer is required to file an insurance claim with the Pool Insurer **within 60 days** of the sale of the ORE property. Failure to submit the claim could result in the imposition of penalties on the Servicer, and may jeopardize Servicer's expense reimbursement).
- (3) A copy of the tax exemption request to the appropriate taxing authority requesting removal of the property from the tax rolls.

E. Reimbursement of Expenses to Servicer

Once the pool claim check is received by Servicer, it should be forwarded directly to SONYMA with the following attachments:

- (1) A copy of the Pool Insurance breakdown.
- (2) A request for expenses reimbursement which shall include receipted bills for all expenses. The amount of any claimed expense for which a receipted bill is not submitted, will be deducted from the total.

If the Pool Insurer deducts further amounts due to Servicer's mishandling, SONYMA will deduct these amounts from the Servicers total **unless** the Servicer has prior approval from SONYMA for items claimed.

SONYMA guidelines require that all OREs be covered by a vandalism policy and liability coverage. If a Pool Insurer denies a claim and states the property was vandalized, the Servicer will be penalized if the property was not properly insured.

The Servicer is not authorized to deduct their expenses from the sale proceeds or pool claim checks.

SECTION 2.14 - REMOVAL OF REAL ESTATE PROPERTIES FROM TAX ROLLS

SONYMA is exercising its rights to statutory real property tax exemption for all Owned Real Estate (ORE) properties pursuant to Section 2412 of the Public Authorities Law. This section provides that "the property of the Agency and its income and operations shall be exempt from taxation assessments of every kind and nature, other than assessments for local improvements and the tax imposed by Article Eleven of the Tax Law." Accordingly, SONYMA is obligated to pay water, sewer, and other special assessments and valorem levies.

Once a property becomes an ORE, the Servicer must notify the appropriate Taxing Authority to remove the property from the tax roll, effective as of the next Taxable Status Date. A copy of the exemption must be included with the pool claim. In most jurisdictions the taxable status date is October 1; however Servicer is responsible to confirm such date with each municipality, when applicable. As a result, SONYMA ORE properties may be subject to real estate taxes for a portion of the time they are owned by SONYMA. The amounts paid for these taxes should be submitted to PMI and Pool Insurer for reimbursement.

Please note that the real estate taxes must continue to be paid during the foreclosure period.

Servicer will be held responsible for any taxes paid on any ORE property where appropriate steps were not taken to remove such property from the tax rolls as provided by State law.

SECTION 2.15 - SHORT SALE REQUESTS

If Mortgagor requests a short pay-off, the Servicer must immediately notify SONYMA.

The following is required:

- (1) Servicer must inform PMI/Pool Insurer of the Short Sale request.
- (2) Servicer must order an appraisal or Brokers Price Opinion (BPO).
- (3) Servicer must send a purchase offer to a PMI/Pool Insurer and SONYMA along with BPO and pay-off amount including any legal fees and expenses.
- (4) In some instances Mortgagor will be requested to reimburse a portion of the loss.
- (5) If SONYMA and PMI/Pool Insurer approve the short sale request the sale proceeds check must be sent to SONYMA. The Servicer is then required to file the PMI and/or Pool insurance claim.

SONYMA will review the request. SONYMA will not accept a short sale offer without prior approval from the PMI/Pool

Insurer and SONYMA.

SECTION 2.16 - COOPERATIVE SHARE LOAN SERVICING

Servicers servicing cooperative share loans shall, where applicable, adhere to all requirements of this Guide. In cases where the Guide is not consistent or does not address matters relative to cooperatives or cooperative share loans, please contact SONYMA's Loan Servicing Manager for assistance.

SECTION 2.17 - ADVERSE MATTERS: BANKRUPTCIES: NOTICE OF LIENS: PROBATE PROCEEDINGS: ETC.

- (a) Bankruptcy Proceedings - Servicer, upon receiving notification of a Mortgagor's filing of bankruptcy, shall immediately provide SONYMA with copies of the following documents:
 - (1) Bankruptcy Petition and Schedules
 - (2) Servicer's Recommended Course of Action
 - (3) Post Petition Notice
 - (4) Proof of Claim
 - (5) Petition for Relief of Automatic Stay, if applicable
 - (6) Current Approved Payment Schedule
- (b) The Servicer is expected to attend scheduled meetings of creditors and take whatever action is necessary to protect the mortgage lien securing the underlying Mortgage Loan. A Mortgage Loan repayment schedule resulting from the bankruptcy action must be promptly submitted to SONYMA to enable SONYMA's accounting personnel to properly post monthly remittances. Servicer is required to monitor payments under any approved repayment plan and, if the Mortgagor defaults on payments while under the plan, Servicer shall instruct its attorney handling the matter to take immediate action to modify the stay order and institute or resume foreclosure proceedings.
- (c) Servicer shall promptly notify SONYMA upon becoming aware that any lien prior to the Mortgage Loan has attached or will attach. Notice shall promptly be given to SONYMA of the death of any Mortgagor or guarantor, of the sale, transfer or vacancy of the property or the occurrence of waste, deterioration, or lack of repair of the property or of the occurrence of any other default under the terms of the Mortgage Loan as to which Servicer has knowledge. In the event that SONYMA directs Servicer to protect SONYMA's interests in any such proceedings, Servicer shall take such actions as it deems to be prudent and SONYMA shall reimburse Servicer for reasonable fees and expenses, including reasonable attorney's fees, incurred by Servicer. Accurate records of the aforesaid matters shall be maintained by Servicer.

SECTION 2.18 - EXECUTION OF SATISFACTIONS AND ASSIGNMENT OF MORTGAGE

- (a) **Satisfaction of Mortgage** SONYMA at the Servicer's request, will execute a Satisfaction of Mortgage **for** a Mortgage Loan where SONYMA has evidence of payment in full. The document is to be prepared by the Servicer's attorney and forwarded to SONYMA with a cover letter detailing the SONYMA Loan Number, the bank mortgage number and the payoff date.

At the Servicer's request, SONYMA will approve a limited Power of Attorney enabling the Servicer to execute Satisfactions on the Agency's behalf. In order to do so, the Servicer must have a Power of Attorney agreement recorded in the appropriate county clerk's office. Please note that the Power of Attorney can only be used to satisfy those mortgages which are recorded in the same county as the location of the Eligible Property .

Servicer is responsible for notifying the proper taxing authorities to forward all future tax bills directly to the

homeowner once the loan has been satisfied.

For Mortgage Loans purchased under the Low Interest Rate Mortgage Program, SONYMA holds in its custody the original mortgage note, recorded mortgage, recorded assignment of mortgage, recorded extensions, consolidation and modification agreement (if applicable) and title policy. Upon SONYMA's confirmation that a Mortgage Loan is paid in full, SONYMA will automatically send these documents to Servicer for further handling. **Note: With the exception of the Assignment of Mortgage, Servicer is required to hold all original documents for Mortgage Loans purchased by SONYMA under its purchase out-of-portfolio programs prior to 1985.**

(b) Assignment of Mortgage. SONYMA does not permit Assignments of Mortgage.

SECTION 2.19 - RECAPTURE OF MORTGAGE ASSISTANCE PROGRAM (MAP) FUNDS

MAP provides down payment and/or closing assistance in the form of a secured "soft" co-first mortgage to qualified Mortgagors. Under MAP, if the Mortgagor sells the Eligible Property prior to the recapture period stated on the mortgage instruments, a portion of the MAP proceeds must be repaid by Mortgagor to SONYMA. Please note that the recapture period is the term stated in the SONYMA Mortgage Assistance Program Rider to New York Single Family FNMA/FHLMC Mortgage. Please refer to the MAP Rider and the Mortgage Assistance Program Recapture Notification to determine if recapture is due.

Prior to the sale of the Residence or payoff of the Mortgage Loan Servicer should submit the following documentation (Exhibit L) to the SONYMA Servicing Manager.

1. MAP Recapture Worksheet.
2. Copy of executed contract of sale on the residence.
3. Payoff letter from Servicer which states the entire payoff amount, including the current outstanding principal balance of loan and accrued interest.
4. Estimated seller closing costs associated with the sale. This list should include, but is not limited to, such expenses as broker's or realtor's fee, attorneys' fees, transfer taxes and filing fees. Such expenses must be reasonable and customary for the area in which the residence is located.
5. Description of any capital improvements made to the residence as well as documentation supporting the cost of such improvements. Such documentation should include copies of contracts for work performed, copies of paid receipts for materials purchased and canceled checks for such work.

SECTION 2.20 - RECAPTURE OF CLOSING COST ASSISTANCE LOANS (CCAL)

The Closing Cost Assistance Loan or CCAL provides closing cost assistance in the form of a secured "soft" co-first mortgage to Mortgagors. CCAL was made available to Mortgagors who qualified for any SONYMA program that was available at time of application. Under the CCAL program, if the Mortgagor pays in full the Mortgage Loan prior to the recapture period stated in the CCAL rider to the mortgage instruments, a portion of the CCAL proceeds may have to be repaid by the Mortgagor to SONYMA.

Procedure

Prior to the sale of the Residence or payoff of the Mortgage Loan Servicer should submit the following documentation to SONYMA Servicing Manager to determine if any of the CCAL must be recaptured and remitted to SONYMA:

1. Completed CCAL Recapture Worksheet (Exhibit K)
2. Copy of executed contract of sale on the Residence, or if a refinance, copy of a current appraisal report of the

- Residence.
3. Payoff letter which states the entire payoff amount, including, but not limited to, the current outstanding principal balance of loan and accrued interest.
 4. Estimated seller closing costs associated with the sale or refinance, as applicable. This list should include a description of each item as well as the estimate cost of each item. Eligible closing costs include, but are not limited to, such expenses as broker's or realtor's fee, attorneys' fees, transfer taxes and filing fees. Such expenses must be reasonable and customary for the area in which the Residence is located.
 5. Description of any capital improvements made to the Residence as well as documentation supporting the cost of such improvements. Such documentation should include copies of contracts for work performed, copies of paid receipts for materials purchased and canceled checks for such work.

Release of Closing Cost Loan Obligation

Upon completion of the Closing Cost Assistance term and if the mortgagor has satisfied all terms, and conditions of The Rider, the Mortgagor shall be released from all responsibilities of said rider. Servicer shall execute the Release of Rider to Note and Mortgage (Form C3 Exhibit J). Servicer shall provide the original to the Mortgagor and copy to SONYMA. Form C3 releases Mortgagor only from the obligations of the CCAL rider and does not in any way release Mortgagor from any of the terms and obligations of the Mortgage Loan note with SONYMA.

PART III - REMITTANCES, ACCOUNTING AND RELATED FUNCTIONS

SECTION 3.00 - REMITTANCES

All funds which are applicable to the payment of principal and interest on Mortgage Loans shall be remitted by the Servicer to SONYMA as follows:

- (a) Funds received by Servicer by the close of business on the following cutoff dates: the 5th, 15th, 20th and last business day of each month, shall be remitted by wire to the Agency not later than one (1) business day following the cutoff date. Servicer must include SONYMA Servicer number and description of the payment in the wire instructions. Wiring instructions are as follows:

Homeowner Mortgage Revenue Bondholders Fund (HMB)

The Bank of New York Mellon

ABA # 021-000-018

Account #6302335565

Account Name: **State of New York Mortgage Agency**

Homeowners Mortgage Revenue Bondholders Fund

Mortgage Revenue Bondholders Fund (MRB)

US Bank

ABA # 091-000-022

Account # 173103321092

Account Title: FFC to SONYMA MRB Revenue Fund

Account # 1564580004

ATTN: Lisa Schultz

Homeownership 1 Mortgage Revenue Bondholders Fund (HM1)

Deutsche Bank Trust Company Americas

ABA #021-001-033

Account #01419647

Account Title: FFC to A/C# SONYMAC.4 Homeownership Mortgage Revenue Bonds

- (b) Funds received by the Servicer by the close of business on the following cutoff dates for the Homeownership 1 Mortgage Revenue Bondholders Fund: 5th, 15th and the 20th day of each month, shall, be remitted by wire to the Agency's designated bank account in Section 3.00(a) of this Guide not later than one (1) business day following the cutoff date.
- (c) Additionally, without regard to the date such funds are received by the Servicer, the Servicer agrees to immediately remit by wire all payments for principal and interest whenever the balance of such funds on hand equals or exceeds \$100,000.

Also without regard to the date of receipt by the Servicer, if a mortgage is satisfied, the collection from this satisfaction should be wired not later than one (1) business day following collection. **All wires to the Agency must bear the Servicer ID number assigned by SONYMA and the description of the payment. Wire payoffs must indicate the month of collection.**

- (d) For Mortgage Loans purchased by SONYMA as part of the Low Interest Rate Mortgage Program, SONYMA will purchase the Mortgage Loans at the unpaid principal balance as of two (2) days prior to the purchase date. In addition, Servicer shall remit to SONYMA interest due from date Mortgage Loan is purchased by SONYMA to the 1st day of the following month with the remittance cutoff as of the 1st day of the month of purchase. Servicer retains or remits to Seller, if Servicer is not the Seller, the interest, if any, covering the period from the date of closing of the Mortgage Loan to the day prior to purchase of the Mortgage Loan by SONYMA. If a Mortgage Loan was closed and purchased by SONYMA in the same calendar month, SONYMA will net its portion of the short-term interest at time of Mortgage Loan purchase. An example of the interest due SONYMA on new loans purchased is as follows:

Example

Original mortgage principal balance	\$40,000.00
Loan interest rate	6.50%
Loan closing date	12/09
SONYMA purchase date	12/16

Calculations:

$\$40,000 \times 6.50\% =$	\$2,600.00
Per Diem (divide by 360 days) =	\$ 7.2222
Multiplied by 23 days interest =	\$ 166.11
Total interest due Seller - 7 days (12/9 - 12/15) =	\$ 50.56
Total interest due SONYMA - 16 days (12/16-12/31) =	\$ 115.55

SONYMA's policy on collecting odd days interest upon purchase of a mortgage is consistent with interest accruals for fixed debt instruments.

INTEREST IS CALCULATED ON A 360 DAY YEAR BASIS.

SECTION 3.01 - MONTHLY REPORTING

SONYMA requires Servicer to submit the Monthly Reconciliation Report (Exhibit A) and Trial Balance by electronic transfer in accordance with Section 1.03 of this Guide. Servicers that are unable to comply with the electronic transfer requirements must seek a waiver from the SONYMA Servicing Manager.

- (a) The Monthly Reconciliation Report for HMB & MRB shall be delivered within two (2) business days of the last business day of each month. Monthly Reconciliation Report for HMB & MRB shall include activity from the 1st to the last day of the month.

The Monthly Reconciliation Report for HM1 shall be delivered within two (2) business days of the 20th of each month. Monthly Reconciliation Report for HM1 shall include activity from the 21st day of the prior month to the 20th day of the current month.

- (b) The HMB & MRB Summary Reconciliation of Payments on Mortgages Serviced for SONYMA report (Exhibit B) shall be delivered within two (2) business days of the last business day of each month.

The HM1 Summary Reconciliation of Payments on Mortgages Serviced for SONYMA report shall be delivered within two (2) business days of the 20th of each month.

SONYMA requires that Trial Balances and supporting schedules be submitted with each month's Summary Reconciliation report. Trial Balances should be segregated by SONYMA Bond Series Indenture and should indicate SONYMA Loan Numbers in sequential order, the monthly constant and unpaid balance for all Mortgage Loans serviced for SONYMA including new Mortgage Loans purchased for the month.

- (c) The HMB & MRB Custodial Statements of Account are required monthly within ten (10) business days of the last business day of each month.

The HM1 Custodial Statements of Account are required monthly within (10) business days of the 20th of each month.

- (d) **Servicers shall not arbitrarily add to or change the outstanding Mortgage Loan Balance** Normal amortization, curtailments and prepayments are to be applied as described in the "Explanation of Reconciliation Form" (Exhibit C).
- (e) Servicers are requested to direct inquiries concerning Mortgage Accounting to: **Supervisor, Mortgage Accounting Department, State of New York Mortgage Agency, 641 Lexington Avenue, New York, New York 10022.**

SONYMA recognizes that from time to time there may be minor differences between Servicer's records and SONYMA's records as a result of such factors as differences in the way Servicer and SONYMA allocate Mortgagor's monthly payments between principal and interest, and discrepancies in a Mortgagor's interest payable account due to delinquent payments by the Mortgagor. In order to reconcile these differences, SONYMA will forward a Trial Balance and Level Billing report every month to all Servicers. The Trial Balance and Level Payment Billing Report sent to Servicer must be reviewed immediately upon receipt, and any discrepancy should be brought to SONYMA's attention within five (5) business days of receipt thereof.

Exhibit A

SONYMA MORTGAGE LOAN NUMBERS BY BOND INDENTURE, BOND SERIES, AND APPLICABLE POOL INSURERS

Homeowners Mortgage Revenue Bonds (HMB) Indenture

<u>Bond Series Code</u>	<u>Bond Series</u>	<u>Pool Insurer</u>	<u>Pool Servicer</u>	<u>SONYMA Loan Number Range</u>
007	Series AA (4)	—	—	007-000,001 to 007-049,999
008	Unpledged (A)	—	—	008-000,001 to 008-049,999
072	Series BB-2 (3)	Radian	—	072-000,001 to 072-999,999
075	Series EE (2) (3)	Radian	—	075-000,001 to 075-099,999
		MIF	—	
076	Series FF	Radian	—	076-000,001 to 076-999,999
077	Series GG	Radian	—	077-000,001 to 077-999,999
078	Series HH (2) (3)	Radian	—	078-000,001 to 078-999,999
		MIF	—	
079	Series II	Radian	—	079-000,001 to 079-999,999
080	Series JJ	MIF	Radian	080-000,001 to 080-999,999
082	Series KK/LL (3)	MIF	Radian	082-000,001 to 082-999,999
083	Series MM (2)	MIF	Radian	083-000,001 to 083-999,999
		Radian	—	083-000,001 to 083-999,999
084	Series NN	MIF	Radian	084-000,001 to 084-999,999
085	Series OO (4)	MIF	—	085-050,000 to 085-099,999
086	Series PP (4)	MIF	—	086-050,000 to 086-099,999
087	Series QQ (4)	MIF	—	087-050,000 to 087-099,999
088	Collateral			
	Exp. Loans (4)	MIF	—	088-050,000 to 088-099,999
090	Series RR	MIF	Radian	090-000,001 to 090-999,999
091	Series SS	MIF	Radian	091-000,001 to 091-999,999
092	Series TT	GEMICO	—	092-000,001 to 092-999,999
093	Series UU	GEMICO	—	093-000,001 to 093-999,999
094	Series VV	MIF	Radian	094-000,001 to 094-999,999
		Radian	—	
055	Series 27	GEMICO	—	055-000,001 to 055-999,999
056	Series 28	GEMICO	—	056-000,001 to 056-999,999

<u>Bond Series Code</u>	<u>Bond Series</u>	<u>Pool Insurer</u>	<u>Pool Servicer</u>	<u>SONYMA Loan Number Range</u>
057	Series 29	GEMICO	—	057-000,001 to 057-999,999
058	Series 30	GEMICO Radian	—	058-000,001 to 058-999,999
062	Series 31/32	Radian	—	062-000,001 to 062-999,999
062		GEMICO	GEMICO	
064	Series 33/34	Radian	Radian	064-000,001 to 064-999,999
064		GEMICO	GEMICO	
066	Series 35	GEMICO	GEMICO	066-000,001 to 066-999,999
067	Series 36/37	Radian GEMICO	Radian GEMICO	067-000,001 to 067-999,999
069	Series 38/39 (9)	Radian	Radian	069-000,001 to 069-999,000
069		GEMICO	GEMICO	
069		MIF	MIF	
030	Series 40	Radian	Radian	030-000,001 to 030-999,999
030		GEMICO	GEMICO	
030	Series 40/41 (10)	MIF	MIF	
033	Series 42/43 (10)	Radian	Radian	033-000,001 to 033-999,999
033		MIF	MIF	
035	Series 44/45 (10)	Radian	Radian	035-000,001 to 035-999,999
035		MIF	MIF	
037/038	Series 46/47 (9) (10)	Radian	Radian	037-000,001 to 037-999,999
037/038		MIF	MIF	
037/038		MIF	MIF	038-000,001 to 038-999,999
039/040	Series 48/49	MIF	CMAC	039-000,001 to 039-999,999
				040-000,001 to 040-999,999
020/025	Series 50/51	MIF Radian	MIF Radian	020-000,001 to 020-999,999
				025-000,001 to 025-999,999
026/027	Series 52/53	MIF Radian	MIF Radian	026-000,001 to 026-999,999
				027-000,001 to 027-999,999
028/029	Series 54/55	MIF	MIF	028-000,001 to 028-999,999

009/010	Series 56/57	Radian MIF Radian Pool	Radian — — Pool	029-000,001 to 029-999,999 009-000,001 to 009-999,999 010-000,001 to 010-999,999 SONYMA Loan
<u>Bond Series Code</u>	<u>Bond Series</u>	<u>Insurer</u>	<u>Servicer</u>	<u>Number Range</u>
100/101	Series 58/59	MIF Radian	— —	100-000,001 to 100-999,999 101-000,001 to 100-999,999
102/103/104	Series 60/61/62	MIF Radian	— Radian	102-000,001 to 102-999,999 103-000,001 to 103-999,999
105	Series 63	MIF	MIF/Radian	105-000,001 to 105-999,999
106	Series 64	MIF	MIF/Radian	106-000,001 to 106-999,999
107	Series 65	MIF	MIF/Radian	107-000,001 to 107-999,999
108	Series 66	MIF	MIF/Radian	108-000,001 to 108-999,999
109	Series 67	MIF	MIF/Radian	109-000,001 to 109-999,999
110	Series 68	MIF	MIF/Radian	110-000,001 to 110-999,999
114	Series 69	MIF	MIF/Radian	114-000,001 to 114-999,999
115	Series 70	MIF	MIF/Radian	115-000,001 to 115-999,999
116	Series 71	MIF	MIF/Radian	116-000,001 to 116-999,999
117	Series 72	MIF	MIF/Radian	117-000,001 to 117-999,999
118	Series 73A	MIF	MIF/Radian	118-000,001 to 118-999,999
119	Series 73B/74	MIF	MIF/Radian	119-000,001 to 119-999,999
122	Series 77A/78A	MIF	MIF/Radian	122-000,001 to 122-999,999
123	Series 77B/78B	MIF	MIF/Radian	123-000,001 to 123-999,999
124	Series 79/80	MIF	MIF/Radian	124-000,001 to 124-999,999
127	Series 82/83	MIF	MIF/Radian	127-000,001 to 127-999,999
129	Series 84/85	MIF	MIF/Radian	129-000,001 to 129-999,999
133	Series 88/89	MIF	MIF/Radian	133-000,001 to 133-999,999
135	Series 90/91	MIF	MIF/Radian	135-000,001 to 135-999,999
144	Series 94/95	MIF	MIF/Radian	144-000,001 to 144-999,999
146	Series 96	MIF/Radian	MIF/Radian	146-000,001 to 146-999,999
149	Series 97/98	MIF	MIF/Radian	149-000,001 to 149-999,999
151	Series 99/100	MIF/Radian	MIF/Radian	151-000,001 to 151-999,999
157	Series 101/102	MIF	MIF/Radian	157-000,001 to 157-999,999

**SONYMA MORTGAGE LOAN NUMBERS BY BOND INDENTURE, BOND SERIES,
AND APPLICABLE POOL INSURERS**

Mortgage Revenue Bondholders Fund (MRB) Indenture

<u>Bond Series Code</u>	<u>Bond Series</u>	<u>Pool Insurer</u>	<u>Pool Servicer</u>	<u>SONYMA Loan Number Range</u>
041	First Series	MIF	—	041-100,000 to 041-159,999
042	Second Series	MIF	Radian	042-200,000 to 042-259,999
043	Third Series	MIF	Radian	043-300,000 to 043-310,000
044	Fourth Series	MIF	Radian	044-400,000 to 044-499,999
		MIF	—	044-000,001 to 044-999,999
045	Fifth Series	MIF	Radian	045-500,000 to 045-599,999
046	Sixth Series	MIF	Radian	046-600,000 to 046-609,999
047	Seventh Series	MGIC	—	047-700,000 to 047-799,999
048	Eight Series (2)	MIF	—	048-800,000 to 048-899,999
		MGIC	—	048-800,000 to 048-899,999
049	Ninth Series (2)	MIF	—	049-900,000 to 049-999,999
		MGIC	—	049-900,000 to 049-999,999
050	Tenth Series	MGIC	—	050-160,000 to 050-169,999
051	Eleventh Series	MGIC	—	051-170,000 to 051-179,999
052	Twelfth Series (2)	MIF	—	052-260,000 to 052-269,999
		MGIC	—	052-260,000 to 052-269,999
139	24/25 Series	MIF	Radian/MIF	139-000,001 to 139-999,999
141	Twenty Six Series	MIF	Radian/MIF	141-800,000 to 141-899,999
142	27/28 Series	MIF	Radian/MIF	142-000,001 to 142-999,999
147	29/30 Series	MIF	Radian/MIF	147-000,001 to 147-999,999
153	31/32 Series	MIF	Radian/MIF	153-000,001 to 153-999,999

**SONYMA MORTGAGE LOAN NUMBERS BY BOND INDENTURE, BOND SERIES,
AND APPLICABLE POOL INSURERS**

Homeownership 1 Mortgage Revenue Bondholders Fund (HM1) Indentures

<u>Bond Series Code</u>	<u>Bond Series</u>	<u>Pool Insurer</u>	<u>Pool Servicer</u>	<u>SONYMA Loan Number Range</u>
001	1990-A (Conventional)	MIF	Radian	001-000,001 to 001-999,999
002	1991-A (Conventional)	MIF	Radian	002-000,001 to 002-999,999
003	1992-B (Conventional)	MIF		003-000,001 to 003-999,999
004	1993-A (Conventional)	MIF		004-000,001 to 004-999,999
005	Series D (Conventional)	MIF	—	005-000,001 to 005-999,999
006	Series E (Conventional)	MIF	—	006-000,001 to 006-999,999
900	Series F (Conventional)	MIF	—	900-000,001 to 900-999,999
901	Series G (Conventional)	MIF	—	901-000,001 to 901-999,999

NOTES

1. The Pool Servicer administers the pool insurance policy on behalf of SONYMA's Mortgage Insurance Fund (MIF. All correspondence should be mailed directly to the Pool Servicer.
2. Bond series with more than one Pool Insurer. Servicer should contact SONYMA's Loan Servicing Department to determine appropriate Pool Insurer for individual Mortgage Loans.
3. A small number of Mortgage Loans are insured by MGIC.
4. Mortgage Loans serviced under these bond series were purchased under SONYMA's purchase out-of-portfolio program.

Exhibit B

SUMMARY RECONCILIATION OF PAYMENTS ON MORTGAGES SERVICED FOR THE STATE OF NEW YORK MORTGAGE AGENCY

(Month and Year)

<u>Indenture</u>	<u>Code</u>	Servicer ID#
Homeowner Mortgage	() HMB	_____
Homeownership Mortgage	() HM1	Servicer Name _____
Mortgage Revenue Bonds	() MRB	

1. Total projected payment due (*Forecast from prior month's report line 10*) \$ _____

Number of mortgages serviced as of the
1st day of the current month _____

EXCEPTIONS

2. Additions (attach detailed schedules)

A. Mortgages paid in full	\$	_____
B. Curtailments		_____
C. Prepayments		_____
D. Miscellaneous increasing transactions		_____
E. Subtotal (lines A+B+C+D)	\$	_____

3. Reductions (attach detailed schedules)

A. Delinquencies	\$	_____
B. Decreasing miscellaneous transactions		_____
C. Monthly constants not collected on foreclosures or payoffs		_____
D. Subtotal (lines A+B+C)	\$	_____

4. Remittance Due (lines 1+2E-3D) \$ _____

CASH REMITTED

5. Interim Payments

- 5th	\$	_____
- 15th		_____
- 20th		_____
- Paid in Full		_____
- Subtotal (5th+15th+20th+Paid in Fulls)	\$	_____

6. Payment submitted with this report/
Final remittance \$ _____

7. Grand Total (5+6) \$ _____

END OF MONTH BALANCES

8. Total number of mortgages at end of period _____

9. Total outstanding principal balance at end of period _____

10. Total of monthly constants at end of period _____

Exhibit C

EXPLANATION OF RECONCILIATION FORM

1. TOTAL PROJECTED PAYMENT DUE

For the first month, enter the total amount of principal and interest which should be collected during the month covered by the report according to the payment schedules for all mortgages which you are servicing for SONYMA. For subsequent months, enter the prior month's line 10 from the level payment billing report submitted by SONYMA.

NUMBER OF MORTGAGES SERVICED

Enter the total number of mortgages being serviced for SONYMA as of the first day of the current month.

2. (A) MORTGAGES PAID IN FULL

Enter the total amount collected during the month on mortgages which were fully discharged in advance of the due dates on the mortgage payment schedules.

2. (B) CURTAILMENTS

Enter the total amount collected from mortgagors during the current month in excess of their constant and applied as a reduction of the unpaid principal balance. Unless the mortgagor indicates to the contrary, Servicer shall apply amounts paid in excess of the monthly constant to a reduction of principal and shall not treat such amounts as advance payments of monthly constants in a future month (prepayments). Curtailments should not be applied to delinquent mortgages before all the payments due are brought up to date. In addition, no reversal of curtailments can be submitted unless the curtailment was applied in the previous month.

2. (C) PREPAYMENTS

Enter the total of all monthly constants collected during the current month and not due according to the mortgage payment schedules until a future month or months.

7. GRAND TOTAL

The entry on this line must agree with the amount on line 4, and the total cash remittance for the period.

8. TOTAL NUMBER OF MORTGAGES AT END OF PERIOD

Enter the total number of loans being serviced for SONYMA at the end of the reconciliation period.

Exhibit D

CERTIFICATION AS TO PRIVACY NOTICES

I, _____, an Authorized Representative of _____ (the "Servicer") DO HEREBY CERTIFY that Servicer (i) shall be in compliance at all times, for so long as Servicer services loans pursuant to a contract (the "Servicing Agreement") by and between Servicer and the State of New York Mortgage Agency ("SONYMA"), which Servicing Agreement incorporates the provisions of SONYMA's Servicer's Guide, with the provisions of Section 1.18 of the Servicer's Guide, (ii) shall certify annually to SONYMA that Servicer has provided the initial privacy notice required by Subtitle A of Title V of the Gramm-Leach Bliley Act (the "Gramm-Leach Act"), codified at 15 USC 6801 et seq to mortgagors whose mortgage loans are being serviced by Servicer under the Servicing Agreement, and (ii) shall provide annual privacy notices to mortgagors whose loans are being serviced by Servicer under the Servicing Agreement, as required by the Gramm-Leach Act.

IN WITNESS WHEREOF, I have set my hand this _____ day of _____

Authorized Representative

Privacy Certification

FORECLOSURE RECOMMENDATION, CONSENT, AND STATUS REPORT FORM

Submit no later than the 10th day of the month when the loan is:
Four payments past due and each month thereafter for duration of foreclosure proceedings

PART I: GENERAL INFORMATION

SONYMA Loan # _____ Servicer Loan # _____

Mortgage Type ☐ FHA ☐ VA ☐ Conventional PMI ☐ Conventional Uninsured

If PMI: Name of PMI Company _____ % of PMI Coverage _____

Mortgagor (s) _____

Property Address _____

Unpaid Principal Balance \$ _____ # of Months Delinquent _____ Due Date of Last Paid Installment _____

PART II: FORECLOSURE RECOMMENDATION

(To be completed only when recommending foreclosure)

Servicing History to Date _____

Reasons for Foreclosure Recommendation _____

Status and Amount of Escrow Account (If Non-Escrow, Status of Real Estate Taxes) _____

Fire and Hazard Insurance: Coverage \$ _____ Expiration Date _____ Cost \$ _____

Name and Address of Attorney Recommended _____

Attorney's Approximate Fee Schedule _____

Property Status: ☐ Occupied ☐ Vacant ☐ Date of Last Inspection _____
(Please Attach Copy)

PART III: FORECLOSURE STATUS UPDATE

(To be submitted by the 10th of each month by e-mail transmission to foreclosure@sonyma.org only after SONYMA consents to foreclosure)

Current Status of Foreclosure Action _____

(Please complete this section upon each submission)

Servicing Institution _____ Title _____

Signature of Preparer _____ Address _____

Preparer's Name _____ Telephone # _____ Fax # _____

E-mail Address _____ Date _____

PART IV: SONYMA REPLY

(For SONYMA use only)

Pool Servicer _____ Master Policy # _____ Certificate # _____

☐ SONYMA consents to your recommendation. Please commence immediate action using the above attorney. The action must be brought under the name of SONYMA and all legal documents must be executed by SONYMA.

☐ By copy of this form, SONYMA will notify the above Pool Insurer of the action being taken. It is the servicer's responsibility to keep SONYMA and the Pool Insurer advised of all updates concerning this loan. Please submit copies of all correspondence relative to this action to SONYMA and the Pool Insurer.

☐ SONYMA requires on the 10th of each month status by E-mail for the duration of the foreclosure proceeding.

☐ Other _____

SONYMA Officer _____ Title _____

Signature of Officer _____ Date _____

Telephone # _____



Exhibit F

STATE OF NEW YORK MORTGAGE AGENCY

ASSUMPTION AFFIDAVIT

IF ANY STATEMENT MADE BY YOU IN THIS AFFIDAVIT IS FALSE, THE MORTGAGE LOAN MADE TO YOU WILL NOT BE ELIGIBLE FOR THE STATE OF NEW YORK MORTGAGE AGENCY'S PROGRAM. IN SUCH EVENT THE OUTSTANDING PRINCIPAL BALANCE OF THE MORTGAGE LOAN MAY BE DECLARED IMMEDIATELY DUE AND PAYABLE.

IT IS A FEDERAL OFFENSE PUNISHABLE BY A MAXIMUM OF A \$5,000 FINE, TWO YEARS IMPRISONMENT, OR BOTH, KNOWINGLY TO MAKE A FALSE STATEMENT IN THIS AFFIDAVIT (TITLE 18 UNITED STATES CODES, SECTION 1014). READ IT CAREFULLY TO BE SURE THE INFORMATION IS TRUE AND COMPLETE BEFORE SIGNING THIS FORM. COMPLETE ALL QUESTIONS. IF ANY QUESTION IS NOT APPLICABLE, ANSWER "N/A". THE INFORMATION GIVEN BY APPLICANTS IS SUBJECT TO VERIFICATION BY THE STATE OF NEW YORK MORTGAGE AGENCY.

STATE OF
COUNTY OF ss:

The undersigned, as an essential part of an application for the assumption of a SONYMA mortgage loan (the "Mortgage Loan") wherein the existing mortgagor note or bond, does hereby depose and say:

- (1) The residence to be financed through the assumption of the Mortgage Loan (the "Residence") is located at the following address:

.....

- (2) The Residence is presently owned by the following person(s) (collectively, the "Seller"):

Name:

Address:

.....

Name:

Address:

.....

- (3) I intend to occupy the Residence as my principal residence, and not as a second-home or vacation home, within not more than 60 days after the closing of the Mortgage Loan.

.....
(Applicant)

STATE OF
COUNTY OF ss:

On this day of , 20 , before me personally came.....,
to me known who, being by me duly sworn, did depose and say that _he resides at
.....and that _he signed his/her name to the above affidavit.

.....

(Notary Public)

Note: Additional qualifications will be required for Mortgage Loans originated under the Low Interest Rate Mortgage Program.

Exhibit G

NAME, ADDRESS, AND TELEPHONE NUMBERS OF SONYMA POOL INSURERS

- 1) Mortgage Guaranty Insurance Corporation (MGIC)
P.O. Box 3055
Southeastern, PA 19398-3055
1-800-251-0400**
- 2) Commonwealth Mortgage Assurance Company (CMAC)
8 Penn Center
Philadelphia, PA 19103-2197
1-800-523-1988**
- 3) General Electric Mortgage Insurance Company (GEMICO)
6601 Six Forks Road
Raleigh, NC 27615
1-800-334-9270**
- 4) SONYMA Mortgage Insurance Fund (MIF)
641 Lexington Avenue, 5th Floor
New York, NY 10022
(212) 688-4000 X 713**

EXHIBIT H

SERVICER MORTGAGE COLLECTION AND CUSTODIAL TAX & INSURANCE ESCROW ACCOUNT DESIGNATION

A) Servicer Mortgage Collection Accounts

(i) **Homeowner Mortgage Revenue Bondholder's Fund (HMB)**

(Name of Bank) in trust for State of New York Mortgage Agency Homeowner Mortgage Revenue (HMB) Bondholders Fund (SONYMA, the Issuer).

(ii) **Mortgage Revenue Bondholders Fund (MRB)**

(Name of Bank) in trust for State of New York Mortgage Agency Mortgage Revenue (MRB) Bondholders Fund (SONYMA, the Issuer).

(ii) **Homeownership Mortgage Revenue Bondholder Fund (HM1)**

(Name of Bank) in trust for State of New York Mortgage Agency Homeownership Mortgage (HM1) Bondholders Fund (SONYMA, the Issuer).

B) Custodial Tax and Insurance Escrow Accounts

(Servicer's Name) as custodian for Tax and Insurance escrow funds held in Trust for the benefit of the "MORTGAGORS" (SONYMA, the Issuer).

SERVICER EXCEPTIONS FILE LAYOUT**FILE INSTRUCTIONS**

1. Text file.
2. Fixed length records of 166 characters.
3. Unblocked.
4. All fields must be in DISPLAY mode.
5. Detail records for each servicer/series/reporting period must begin with a HEADER record and terminate with a HEADER TRAILER record.

SPECIAL NOTES

ZF	Zero Filled
BF	Blank Filled
RJ	Right Justify
LJ	Left Justify
S9(7)	Seven (7) position SIGNED numeric field
S(9)V99	Eleven (11) position SIGNED numeric field with two decimals.

Questions or comments to:

State of New York Mortgage Agency
Jose Dilan
641 Lexington Avenue - 4th Floor
New York, NY 10022
Telephone: 212-872-0632
FAX: 917-274-0632

H E A D E R R E C O R D

The following layout describes the "Header" record. This record must contain a RECORD_TYPE of "1".

Starting				
Field Name	Length	Position	Type	Comments
RECORD_TYPE	1	1	N	Constant equal to 1.
SERVICER_NUMBER	3	2	AN	Servicer number assigned by SONYMA.
FILLER	3	5	AN	Blank Fill (BF).
REPORTING_PERIOD	4	8	N	YYMM - Servicer reporting period.
INDENTURE_CODE	3	12	AN	Indenture codes assigned by SONYMA. Valid codes are HM1, HMB, and MRB.
FILLER	152	15	A	BF.

PREPAYMENT RECORD

The following layout describes the "Prepayment " transaction record. This record must contain a RECORD_TYPE of "2" and a TRANSACTION_TYPE OF "01".

Field Name	Length	Starting Position	Type	Comments
RECORD_TYPE	1	1	N	Constant equal to 2.
SERVICER_CODE	3	2	AN	Servicer number assigned by SONYMA.
SONYMA_NO	12	5	AN	Loan number assigned by SONYMA.
TRANSACTION_TYPE	2	17	N	Constant equal to 01.
FILLER	1	19	A	BF
TRANSACTION_DATE	6	20	N	YY/MM/DD Date prepayment was received.
INTEREST_PAID_TO_DATE	6	26	N	YY/MM/DD - Date the loan is paid through after this transaction.
PREPAYMENT_AMOUNT	9	32	N	RJ, ZF, S9(7)V99 - Must be a multiple of the monthly P & I payment.
FILLER	126	41	A	BF

CURTAILMENT RECORD

The following layout describes the "Curtilment " transaction record (principal only payment). This record must contain a RECORD_TYPE of "2" and TRANSACTION_TYPE OF "02".

Starting			
Field Name	Length	Position	Type Comments
RECORD_TYPE	1	1 N	Constant equal to 2.
SERVICER_CODE	3	2 AN	Servicer number assigned by SONYMA.
SONYMA_NO	12	5 AN	Loan number assigned by SONYMA.
TRANSACTION_TYPE	2	17 N	Constant equal to 02.
FILLER	1	19 A	BF.
TRANSACTION_DATE	6	20 N	YY/MM/DD Date curtailment was received.
APPLY_AFTER_PMT_OF	6	26 N	YY/MM/DD - Date the loan was paid through before this transaction.
CURTAILMENT_AMOUNT	9	32 N	Amount of curtailment.
APPLY_ON_ACTUAL	1	41 A	Constant of Y or N. Y if curtailment is to be applied on the actual transaction date, else N.
FILLER	125	42 A	BF.

MISCELLANEOUS INCREASES RECORD

The following layout describes the "Miscellaneous Increases" transaction. This record must contain a RECORD_TYPE of "2" and TRANSACTION_TYPE OF "03".

Starting				
Field Name	Length	Position	Type	Comments
RECORD_TYPE	1	1	N	Constant equal to 2.
SERVICER_CODE	3	2	AN	Servicer number assigned by SONYMA.
SONYMA_NO	12	5	AN	Loan number assigned by SONYMA.
TRANSACTION_TYPE	2	17	N	Constant equal to 03.
TRANSACTION_CODE	1	19	N	CONSTANT OF 1, 2, 3 OR 4. 1= Interest Received on New Loans 2= Penalty or Late Charges 3= Amount of Increase due to a P & I Change. 4= Amount greater than P&I payment on a maturing loan.
TRANSACTION_DATE	6	20	N	YY/MM/DD for transaction code 1, 2 or 4 else ZF.
INTEREST_PAID_TO_DATE	6	26	N	YY/MM/DD for transaction_code 4 all others ZF. Date the loan should be paid through after this transaction.
INCREASING_AMOUNT	9	32	N	RJ, ZF, S9(7)V99 - Amount of Increase.
FILLER	126	41	A	BF.

DELINQUENCY RECORD

The following layout describes the "Delinquency" transaction record. This record must contain a RECORD_TYPE of "2" and TRANSACTION_TYPE OF "04".

Starting			
Field Name	Length	Position	Type Comments
RECORD_TYPE	1	1 N	Constant equal to 2.
SERVICER_CODE	3	2 AN	Servicer number assigned by SONYMA.
SONYMA_NO	12	5 AN	Loan number assigned by SONYMA.
TRANSACTION_TYPE	2	17 N	Constant equal to 04.
FILLER	1	19 A	BF.
INTEREST_PAID_TO_DATE	6	20 N	YY/MM/DD - Date the loan is paid through after this transaction.
DELINQUENT_AMOUNT	9	26 N	RJ, ZF, S9(7)V99 - Must be a multiple of the P & I constant.
FILLER	132	35 A	BF.

MISCELLANEOUS DECREASES RECORD

The following layout describes the "Miscellaneous Decreases " transaction record. This record must contain a RECORD_TYPE of "2" and TRANSACTION_TYPE OF "05".

Starting				
Field Name	Length	Position	Type	Comments
RECORD_TYPE	1	1	N	Constant equal to 2.
SERVICER_CODE	3	2	AN	Servicer number assigned by SONYMA.
SONYMA_NO	12	5	AN	Loan number assigned by SONYMA.
TRANSACTION_TYPE	2	17	N	Constant equal to 05.
TRANSACTION_CODE	1	19	N	Constant of 1, 2 or 3. 1= Curtailment Reversal, 2=Amount less than a full P & I on a maturity, 3= Payment Reversal.
TRANSACTION_DATE	6	20	N	YY/MM/DD.
INTEREST_PAID_TO_DATE	6	26	N	ZF for transaction_codes 1 and 2. YY/MM/DD for transaction_code 3. Date the loan should be paid through after this transaction.
DECREASING_AMOUNT	9	32	N	RJ, ZF, S9(7)V99. If 1 = must match a previously applied curtailment If 2 = must be less than the P & I payment. If 3 = must be a multiple of the P & I payment.
FILLER	126	41	A	BF

UNCOLLECTED PAYMENTS ON FORECLOSURES

The following layout describes the "Uncollected Payments on Foreclosures" transaction record. This record must contain a **RECORD_TYPE** of "2" and a **TRANSACTION_TYPE** of "06".

Starting			
Field Name	Length	Position	Type Comments
RECORD_TYPE	1	1 N	Constant equal to 2.
SERVICER_CODE	3	2 AN	Servicer number assigned by SONYMA.
SONYMA_NO	12	5 AN	Loan number assigned by SONYMA.
TRANSACTION_TYPE	2	17 N	Constant equal to 06.
TRANSACTION_CODE	1	19 A	"F" for foreclosure.
INTEREST_PAID_TO_DATE	6	20 N	YY/MM/DD - Date the loan is paid through.
FILLER	6	26 A	BF.
UNCOLLECTED_AMOUNT	9	32 N	RJ, ZF, S9(7)V99 - Must be a multiple of the P & I payment.
FILLER	126	41 A	BF

P A Y O F F R E C O R D

The following layout describes the "PAYOFF" transaction record. This record must contain a **RECORD_TYPE** of "2" and a **TRANSACTION_TYPE** of "07".

Starting				
Field Name	Length	Position	Type	Comments
RECORD_TYPE	1	1	N	Constant equal to 2.
SERVICER_CODE	3	2	AN	Servicer number assigned by SONYMA.
SONYMA_NO	12	5	AN	Loan number assigned by SONYMA.
TRANSACTION_TYPE	2	17	N	Constant equal to 07.
FILLER	1	19	A	BF.
PAYOFF_DATE	6	20	N	YY/MM/DD.
INTEREST_PAID_TO_DATE	6	26	N	YY/MM/DD - Date that the loan is paid through.
PRINCIPAL_BALANCE	9	32	N	RJ, ZF, S9(7)V99 - Principal balance at time of payoff.
INTEREST	9	41	N	RJ, ZF, S9(7)V99 - Interest accrued through payoff date.
SETTLEMENT_EXPENSE_LOAN	7	50	N	RJ, ZF, S9(7) - Settlement expense loan amount.
SERVICE_FEE	7	57	N	RJ, ZF, S9(5)V99 - Servicing fees through payoff date.
PENALTY_FEE	9	64	N	RJ, ZF, S9(7)V99 - Penalty fee charged.
TOTAL_CASH_COLLECTED	9	73	N	RJ, ZF, S9(7)V99 - Total amount collected.
FILLER	85	82	A	BF

FUNDS TRANSMITTAL RECORD

The following layout describes the "FUNDS TRANSMITTAL" transaction record. This record must contain a **RECORD_TYPE** of "2" and a **TRANSACTION_TYPE** of "09".

Starting			
Field Name	Length	Position	Type Comments
RECORD_TYPE	1	1	N Constant equal to 2.
SERVICER_CODE	3	2	AN Servicer number assigned by SONYMA.
INDENTURE_CODE	3	5	AN Indenture code assigned by SONYMA.
FILLER	9	8	A BF.
TRANSACTION_TYPE	2	17	N Constant equal to 09.
PRINCIPAL_RECEIVED	11	19	N RJ, ZF, S9(9)V99 - Total principal received.
INTEREST_RECEIVED	11	30	N RJ, ZF, S9(9)V99 - Total interest received.
SERVICE_FEE_CHARGED	11	41	N RJ, ZF, S9(9)V99 - Service fee charged.
PRIOR_MONTH_OVERAGE	11	52	N RJ, ZF, S9(9)V99 - Prior month's overage adjustment.
PRIOR_MONTH_SHORTAGE	11	63	N RJ, ZF, S9(9)V99 - Prior month's shortage adjustment.
MISCELLANEOUS_CASH_1	11	74	N RJ, ZF, S9(9)V99.
MISCELLANEOUS_CASH_2	11	85	N RJ, ZF, S9(9)V99.
PRIOR_MONTH_INTEREST	11	96	N RJ, ZF, S9(9)V99 - Prior's month's interest adjustment.
FILLER	60	107	A BF.

MONTHLY REMITTANCE RECONCILIATION RECORD				
The following layout describes the "MONTHLY RECONCILIATION" transaction record. This record must contain a RECORD_TYPE of "2" and a TRANSACTION_TYPE of "10".				
Field Name	Length	Position	Type	Comments
		Starting		
RECORD_TYPE	1	1	N	Constant equal to 2.
SERVICER_CODE	3	2	AN	Servicer number assigned by SONYMA.
INDENTURE_CODE	3	5	AN	Indenture code assigned by SONYMA.
FILLER	9	8	A	BF.
TRANSACTION_TYPE	2	17	N	Constant equal to 10.
AMOUNT_BILLED_BY_HFA	11	19	N	RJ, ZF, S9(9)V99 - Amount billed by SONYMA.
TOTAL_PREPAYMENTS	11	30	N	RJ, ZF, S9(9)V99 - Total amount of prepayments.
TOTAL_CURTAILMENTS	11	41	N	RJ, ZF, S9(9)V99 - Total amount of curtailments.
TOTAL_INCREASES	11	52	N	RJ, ZF, S9(9)V99 - Total amount of increasing transactions.
TOTAL_PAYOFFS	11	63	N	RJ, ZF, S9(9)V99 - Total amount of payoff transactions.
TOTAL_DELINQUENCIES	11	74	N	RJ, ZF, S9(9)V99 - Total amount of delinquency transactions.
TOTAL_DECREASES	11	85	N	RJ, ZF, S9(9)V99 - Total amount of decreasing transactions..
TOTAL_UNCOLLECTED_PF	11	96	N	RJ, ZF, S9(9)V99 - Total amount of uncollected payments. due to payoffs and foreclosures.
SERVICE_FEE_CHARGED	11	107	N	RJ, ZF, S9(9)V99 - Total service fees charged.
NET_AMOUNT_DUE	11	118	N	RJ, ZF, S9(9)V99 - Amount billed by SONYMA plus or minus all exceptions and service fees.
TOTAL_CASH_REMITTED	11	129	N	RJ, ZF, S9(9)V99 - Total of all cash remittances for the month.
EOM_LOAN_COUNT	5	140	N	RJ, ZF, S9(5) - Loan count at the end of the month.
EOM_PRINCIPAL_BALANCE	11	145	N	RJ, ZF, S9(9)V99 - Principal balance at the end of the month.
EOM_LEVEL_PAYMENTS	11	156	N	RJ, ZF, S9(9)V99 - Total of monthly payments paid.

TRAILER HEADER RECORD

The following layout describes the "TRAILER HEADER" transaction record. This record must contain a RECORD_TYPE of "3".

Starting				
Field Name	Length	Position	Type	Comments
RECORD_TYPE	1	1	N	Constant equal to 3.
SERVICER_NUMBER	3	2	AN	Servicer number assigned by SONYMA.
SERIES_CODE	3	5	AN	BF.
REPORTING_PERIOD	4	8	N	YY/MM.
TOTAL_NO_TRANS_2	7	12	N	RJ, ZF, S9(7) - Total number of records with a record_type of 2.
INDENTURE_CODE	3	19	AN	Valid entries are HM1, HMB and MRB.
FILLER	145	22	A	BF.

Exhibit J

SONYMA Loan # _____

**SONYMA CLOSING COST ASSISTANCE LOAN
RELEASE OF RIDERS TO NOTE AND SECURITY INSTRUMENT**

Borrower's Name(s): _____

Address of Property: _____

CCAL Recapture Obligation: \$ _____ Closing Date: _____

Required Owner Occupancy Period: _____ Months Fulfillment Date: _____

On the above Closing Date, the above referenced Borrower(s) executed:

- (i) the SONYMA Closing Cost Assistance Loan ("CCAL") Rider to New York - Single Family Fannie Mac/Freddie Mac Mortgage (Form C1) or, as applicable, the SONYMA CCAL Rider to the Security Agreement - Co-op (Form C7) which were incorporated into and were deemed to amend and supplement, as applicable, the Mortgage or the Security Agreement, and any riders thereto (collectively, the "Security Instrument") and
- (ii) the SONYMA CCAL Rider to the New York Fixed Rate Note - Single Family - Fannie Mae/Freddie Mac Uniform Instrument (Form C2; collectively with Form C1, the "CCAL Riders") or, as applicable, the SONYMA CCAL to the Cooperative Loan Note (Form C8; collectively with Form C7, the "CCAL Co-op Riders") which were incorporated into and were deemed to amend and supplement the note and any riders thereto ("the Note").

The applicable Security Instrument was recorded in the Office of the County Clerk of _____ County, State of New York on ____ / ____ / ____ in (Liber) (Reel) _____ at Page _____, and further assigned by assignment dated _____ from _____ to the State of New York Mortgage Agency and recorded on ____ / ____ / ____ in (Liber)(Reel) _____, Page _____ in the office of the clerk of the County of _____.

The applicable Forms UCC1 and UCC1Ad for the Closing Cost Assistance Loan were filed in the Office of the County Clerk of _____ County, State of New York on ____ / ____ / ____, under the Initial Financing Statement # _____, and further assigned, if applicable by Form UCC3 on ____ / ____ / ____, under File # _____.

The Borrower(s) has complied, as applicable, with all of the terms set forth in the CCAL Riders or CCAL Co-op Riders, and as of the above Fulfillment Date, the CCAL Riders or CCAL Co-op Riders are hereby deemed null and void. As a result, the above CCAL Recapture Obligation is no longer due and owing and shall not be considered a component of the Sums Secured as defined in the Security Instrument. Borrower(s) is hereby released, as applicable, of all obligations under the CCAL Riders or the CCAL Co-op Riders.

This CCAL Release affects, as applicable, only the CCAL Riders or the CCAL Co-op Riders and does not, in any way, release the Borrower(s) from any of the terms or obligations of the Note and Security Instrument. The Note and Security Instrument shall in all other respects continue to be in full force and effect.

Servicing Institution

By: _____

Title: _____

STATE OF NEW YORK) ss.:
COUNTY OF)

On the ____ day of _____ in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public
Commission expires: _____

Exhibit K

CCAL RECAPTURE WORKSHEET

- A. **Original CCAL Loan Amount** \$ _____
- B. **Determine the Remaining CCAL Loan** (see CCAL Loan Rider).
- 1) Borrower's recapture period: _____ months
 - 2) Number of full months Borrower has owned and occupied the Residence (number of full months elapsed from date of closing to anticipated date of sale): _____ months
 - 3) B(1) minus B(2) = _____ months
 - 4) B(3) divided by B(1) = _____
 - 5) Calculate the Remaining CCAL Loan [B(4) multiplied by A]: \$ _____
- C. **Determine the event triggering recapture of the CCAL Loan.**
- If the event triggering recapture of the CCAL Loan is either:**
- 1) any refinancing of the MRB Loan; or
 - 2) the sale or conveyance of the full ownership interest in the Residence...
- then go directly to D and E below.**
- If the event triggering recapture of the CCAL Loan is either:**
- 1) Borrower's failure to occupy the property secured by the CCAL Loan (the "Residence") as Borrower's principal residence as described in the CCAL Loan Rider; or
 - 2) Any other Default as defined in the CCAL Loan Rider; or
 - 3) Payoff of the MRB Loan,...
- then the Amount of CCAL Loan to be repaid to Lender is the Remaining CCAL Loan [B(5)]. STOP!** \$ _____
- D. **Determine Borrower's Net Profit.**
- 1) Sales Price of current sale (or appraised value, if a refinance): \$ _____
 - 2) Less: a. Repayment due on MRB Loan (outstanding principal and accrued interest): \$ _____
b. Borrower's Downpayment on original sale: \$ _____
c. Capital Improvements made to the Residence: \$ _____
d. Closing Costs of current sale or refinance: \$ _____
 - 3) Subtotal [D(2a)+D(2b)+D(2c)+D(2d)] \$ _____
 - 4) Net Profit [D(1) - D(3)]: \$ _____
- E. **Amount of CCAL Loan to be repaid to Lender:**
Lesser of Net Profit [D(4)] or the Remaining CCAL Loan [B(5)] \$ _____

If result is less than zero, no recapture is due.

EXAMPLE OF HOW TO COMPUTE THE CCAL RECAPTURE AMOUNT

J and M, first time homebuyers, purchase a residence for \$50,000. The purchase is financed with a \$48,500 State of New York Mortgage Agency ("SONYMA") Loan ("MRB Loan"), a \$3,300 Closing Cost Assistance Loan mortgage loan (the "CCAL Loan") (which funds closing costs) and a \$1,500 downpayment contributed by J and M. The recapture period is 10 years. Due to a job change, J and M must sell the residence three years after they purchase it. During the time J and M owned the residence they added a bathroom and constructed a deck, investing a total of \$10,000 in improvements to the residence. The residence sells for \$62,000. J and M owe \$45,500 on their MRB loan - \$45,400 of outstanding principal and accrued interest of \$100. J and M incur \$3,000 in closing costs. J and M calculate the recapture amount as follows.

- A. **Original CCAL Loan Amount** \$ 3,300
- B. **Determine the Remaining CCAL Loan** (see CCAL Loan Rider).
- 1) Borrower's recapture period: 120 months
 - 2) Number of full months Borrower has owned and occupied the Residence (number of full months elapsed from date of closing to anticipated date of sale): 36 months
 - 3) B(1) minus B(2) = 84 months
 - 4) B(3) divided by B(1) = : 0.70
 - 5) Calculate the Remaining CCAL Loan [B(4) multiplied by A]: \$ 2,310
- C. **Determine the event triggering recapture of the CCAL Loan.**
 Since the event triggering recapture is the sale of the residence of J & M, go to D. and E.
- D. **Determine Borrower's Net Profit.**
- 1) Sales Price of current sale (or current appraised value, if a refinance) \$ 62,000
 - 2) Less: a. Repayment due on MRB Loan (outstanding principal and accrued interest): \$ 45,500
 b. Borrower's Downpayment on original sale: \$ 1,500
 c. Capital Improvements made to the Residence: \$ 10,000
 d. Closing Costs of current sale or refinance: \$ 3,000
 - 3) Subtotal [D(2a)+D(2b)+D(2c)+D(2d)] \$ 60,000
 - 4) Net Profit [D(1) - D(3)]: \$ 2,000
- E. **Amount of CCAL Loan to be repaid to Lender:**
 Lesser of Net Profit [D(4)] or the Remaining CCAL Loan [B(5)] = \$ 2,000

If result is less than zero, no recapture is due.

J and M must repay \$2,000 of the remaining \$2,310 CCAL Loan to the Lender upon the sale of their Residence.

Exhibit L

MAP RECAPTURE WORKSHEET

- A. MAP LOAN AMOUNT \$ _____
- B. Determine Mortgagor's Investment
- 1) Mortgagor's Downpayment: \$ _____
 - 2) Plus Capital Improvements made to the Residence: +\$ _____
 - 3) Plus Principal Payments made on MRB Loan [Original principal amount of MRB Loan minus current unpaid principal balance]: +\$ _____
 - 4) Plus Closing Costs of current sale: +\$ _____
 - 5) Combined Investment: \$ _____
- C. Determine Net Proceeds.
- 1) Sales Price: \$ _____
 - 2) Minus repayment due on MRB Loan (outstanding principal and accrued interest): -\$ _____
 - 3) Net Proceeds: \$ _____
 - 4) Net Profit [C(3) - B(5)]: \$ _____
- D. Is Net Profit [C(4)] more than MAP Loan (A)? If *yes*, entire amount of MAP loan is due. If *no*, go to E below.
- E. Determine amount of MAP Loan to be repaid (see MAP Loan rider to mortgage).
- 1) Mortgagor's recapture period: _____ months
 - 2) Number of full months Mortgagor has owned and occupied the Residence (number of full months elapsed from date of closing to anticipated date of sale): _____ months
 - 3) E(1) minus E(2) = _____ months
 - 4) E(3) divided by E(1) = _____
 - 5) E(4) multiplied by A (amount of MAP Loan): \$ _____
- F. Lesser of C(4) or E(5) = Amount of MAP Loan to be repaid to SONYMA: \$ _____
If result is less than zero, no recapture is due.

EXAMPLE OF HOW TO COMPUTE THE MAP RECAPTURE AMOUNT

J and M, first time homebuyers, purchase a residence for \$50,000. The purchase is financed with a \$48,500 State of New York Mortgage Agency ("SONYMA") Loan ("MRB Loan"), a \$3,300 Mortgage Assistance Program mortgage loan (the "MAP Loan") (which funds closing costs) and a \$1,500 downpayment contributed by J and M. The recapture period is 10 years. Due to a job change, J and M must sell the residence three years after they purchase it. During the time J and M owned the residence they added a bathroom and constructed a deck, investing a total of \$10,000 in improvements to the residence. The residence sells for \$62,000. J and M owe \$45,500 on their MRB loan - \$45,400 of outstanding principal (they have made principal payments of \$3,100) and accrued interest of \$100. J and M incur \$1,000 in closing costs. J and M calculate the recapture amount as follows.

- A. MAP LOAN AMOUNT \$ 3,300
- B. Determine Mortgagor's Investment.
- | | | |
|----|--|-------------------|
| 1) | Mortgagor's Downpayment: | \$ <u>1,500</u> |
| 2) | Plus Capital Improvements made to the Residence: | +\$ <u>10,000</u> |
| 3) | Plus Principal Payments made on MRB Loan [Original principal amount of MRB Loan minus current unpaid principal balance]: | +\$ <u>3,100</u> |
| 4) | Plus Closing Costs of current sale: | +\$ <u>1,000</u> |
| 5) | Combined Investment: | <u>\$ 15,600</u> |
- C. Determine Net Proceeds.
- | | | |
|----|---|-------------------|
| 1) | Sales Price: | \$ <u>62,000</u> |
| 2) | Minus repayment due on MRB Loan (outstanding principal and accrued interest): | -\$ <u>45,500</u> |
| 3) | Net Proceeds: | <u>\$ 16,500</u> |
| 4) | Net Profit [C(3) - B(5)] | <u>\$ 900</u> |
- D. Is Net Profit [C(4)] more than MAP Loan (A)? If *yes*, entire amount of MAP loan is due. If *no*, go to E below.
[\$900 is less than \$3,300 so go to E. below.]
- E. Determine amount of MAP Loan to be repaid (see MAP Loan rider to mortgage).
- | | | |
|----|--|-------------------|
| 1) | Mortgagor's recapture period: | <u>120</u> months |
| 2) | Number of full months Mortgagor has owned and occupied the Residence (number of full months elapsed from date of closing to anticipated date of sale): | <u>36</u> months |

3) E(1) minus E(2) = 84 months

4) E(3) divided by E(1) = : .70

5) E(4) multiplied by A (amount of MAP Loan): \$ 2,310

F. Lesser of C(4) or E(5) = Amount of MAP Loan to be repaid to SONYMA: \$ 900
If result is less than zero, no recapture is due.

J and M must repay \$900 of the original \$3,300 MAP Loan to SONYMA upon the sale of their residence.